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NEWS SUMMARY

GENERAL

MP may fly back to U.K. to-day

Mr. John Stonehouse said he would try to fly to London from Melbourne to-day to attend Thursday's Commons debate on his possible expulsion. He was reported to have dismissed his lawyer.

Mrs. Barbara Stonehouse said her husband would probably be arrested if he went ahead with his plan to evade extradition proceedings, due to take place in court on Friday. "I don't think he will get as far as the aircraft door. What he is trying to do is the act of a deeply unhappy man. I feel desperately sorry for him," she commented.

Man held after Cambridge attack

A 42-year-old man was helping Cambridge police after a Canadian medical student was attacked at a nurses' home in the Newnham area. The girl received a knife injury to her arm but was not seriously hurt. Two men fishing for eels in the early hours heard her screams as she fought off her attacker, rushed to the home, and chased a man.

Angola peace bid by Kenyatta

With Angola on the edge of civil war, President Kenyatta of Kenya is to make another attempt at mediation between the leaders of the three rival indepedence movements. Several hundred people are reported to have been killed in four days of fighting, but a joint ceasefire order by military chiefs of the three groups appears to be taking hold in Luanda. Page 4

Resorts packed

Traffic reached Bank Holiday proportions in the week-end heatwave, with cars bumper-to-bumper for 10 miles on the road to Ramsgate and Margate by 10 a.m. At Brighton, saturation point was reached by mid-day when there was still a 10-mile crawl into the town. Automobile Association issued its seasonal warning to drivers returning home last night.

Arrests at grave

Police arrested 15 people at the funeral of a Provisional IRA man in Clara, Co. Monaghan, in the Irish Republic, after shots were fired over the grave.

Coach deaths

The driver was one of five people killed when a wedding bus left the road near Newton Butler, Co. Fermanagh. All the victims came from Lurgan, Co. Armagh.

Grip of the gripe

A 43-year-old mother of three, who suffered from indigestion, was referred to the Avon Council on Alcoholism, though she belonged to a temperance movement. When her medicine ran out, she used gripe water—between four and six bottles a day—to settle her stomach. Most gripe waters have twice the alcohol content of average beers, reports the council.

Tent blaze death

A nine-year-old boy died and a 14-year-old youth was critically ill in hospital with severe burns after their tent burst into flames at Guide, near Blackburn, Lancs.

Briefly . . .

British Rail is to open a private inquiry at Stoke-on-Trent to-day into the Euston-Glasgow train crash, which killed six and injured 36 people at Nuneaton, Warwickshire.

Broadcasting from Parliament begins to-day with the live coverage of Question Time from the House of Commons.

Niki Landa of Austria won the Swedish Formula One Grand Prix in a Ferrari. Carlos Reutemann (Brabham) was second, only 6.2 seconds behind.

Fire has substantially damaged the convalescent home at Osborne House, East Cowes, Isle of Wight — once the favourite home of Queen Victoria.

BUSINESS

OPEC may raise oil price again

● DECISION on a small oil price increase to compensate for the dollar's depreciation cannot be ruled out at the OPEC conference starting in Libreville, Gabon, to-day.

Member-states will certainly discuss an indexation system—where oil prices are adjusted according to world inflation rates — for implementation from September.
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● JAPANESE capital market reopens to foreign borrowers next month after a break of more than 18 months, with a Yen 10bn. (about £15m.) loan for Finland.

● SOLUTION to New York City's cash shortage now seems virtually certain. The scheme involves the hoped-for creation of a new State agency to assume the city's short-term debts.
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● FOUR DAYS of international meetings which it is hoped will culminate in a compromise to settle a French/U.S. dispute on monetary reform, have begun.
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● U.K. ARMS deal with Egypt, involving supply of Hawker Siddeley Hawk combat aircraft and Westland Lynx helicopters, worth more than £400m., is expected to be discussed in London this week.
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Move to stave off rail strike

● PEACE TALKS are expected this week to try to stave off the national rail strike, due to begin on June 23.
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● AUEW white-collar leaders will spearhead a move to commit the union, Britain's second biggest, into opposing "the concept of the social contract" at its annual conference next week.
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● NALGO leaders gave unanimous go-ahead for a strike ballot to be taken if necessary, to back a wage claim by their 400,000 local government workers matching the highest current agreement for manual workers.
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● PAY dispute involving 5,000 Barclays Bank International staff has been referred to arbitration after the National Union of Bank Employees rejected a 22.5 per cent. pay offer.
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● GOVERNMENT'S Bill to nationalise the aerospace and shipbuilding industries now seems likely to be squeezed out of this Session of Parliament.
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● EXTRA £100m. could be added to Britain's imports next year because of increased expenditure on foreign fish, the British Trawlers Federation will warn the Government on Wednesday.
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● IMPACT of the controls on food prices for the consumer has been insignificant, Mr. John Sainsbury, chairman of J. Sainsbury, says. Enforced reduction in retailers' net profit margins has slowed investment plans, he adds.
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COMPANIES

● GUEST KEEN and Nettlefolds has announced a £200,000 expansion in Holland.
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● WEDGWOOD is showing close interest in plans by Carborundum, the U.S. concern, for the possible sale of its tableware business, including the British china company Spode.
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● FORMAL merger of ELF/ERAP and its 51 per cent. subsidiary, Société Nationale des Petroles d'Aquitaine (SNPA) could take place soon.
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Country on a 'suicide course'

Crosland warns of need for changes in social contract

BY PHILIP RAWSTORNE

Mr. Anthony Crosland, Secretary for the Environment, warning that the present rate of pay and price increases had put the country on a "suicide course," yesterday called for basic changes in the social contract to forge it into an effective weapon against inflation.

Setting the stage for Government talks with both sides of industry within the next few weeks, Mr. Cosland said the broad policy requirements were now clear:

The policy had to be fair, but it had to incorporate pay guidelines tight enough to produce a rapid slowing down in the rate of inflation and means of ensuring a higher degree of compliance with the guidelines.

"Putting the flesh on these bare bones is now far and away the Government's most urgent task in the post-referendum period," he said at Grimsby.

Mr. Crosland's speech, made with the wholehearted approval of the Treasury, follows hard behind Mr. Denis Healey, the Chancellor's, reiteration at the weekend of his intention to reduce the rate of inflation by half over the next 12 months.

Speaking in Glasgow, Mr. Healey again attacked the "large minority" who had forced pay settlements outside the social contract. "I think everybody is beginning to get tired of a situation in which the Government is compelled to make the majority of working people settle for the crumbs and pay the bill for those who get the plums," he declared.

The Cabinet is expected to discuss on Thursday—after Mr. Healey's return from the Paris meeting of the International Monetary Fund—its approach to the forthcoming talks with industrial and trade union leaders on a fresh anti-inflation policy.

No dates have yet been fixed for the talks but both the Prime Minister and the Chancellor have indicated that they are to be given urgent priority.

Mr. Wilson said on Saturday that, with the EEC issue settled, it was time for everyone to "get down to the task of making Britain strong."

The country had to improve its competitiveness if it was to take advantage of the opportunities for exports and jobs provided by the expected upturn in world trade next year.

Muted note

"Now, as never before, Britain depends on the efforts we make in our trade and in our industry and the contribution every one of us makes to those efforts," he said.

Mr. Wilson, speaking at Mansfield, added a muted note of warning to the miners about the need to maintain the competitive position between coal and oil.

And though Government Ministers are now bending their main efforts to restrain the autumn round of pay claims, Mr. Crosland echoed the Prime Minister's words yesterday when he advised the railwaymen that Government efforts to protect employment were bound to fail if workers did their utmost to price themselves out of jobs.

A much more effective voluntary incomes policy based on the social contract was the only option for the country, said Mr. Crosland, welcoming recent support for such a course from both Mr. Len Murray and Mr. Jack Jones.

The inadequacies and unfairness of a rigid statutory wages policy had already been fully exposed, he said. "A second alternative would be for the Government deliberately to increase the level of unemployment even beyond what will result from present inflation rates in the hope of weakening the bargaining strength of organised labour.

"But this would be a policy of despair. I doubt that it would work—certainly not quickly enough. But the real objection is one of principle. For high unemployment is . . . a social evil."

The "menacing crisis" of inflation was not only directly damaging to the economy, said Mr. Crosland, it also engendered

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Cabinet will look at cuts above Healey's £1bn.

BY ANTHONY HARRIS

THE CABINET has agreed to examine public expenditure cuts for next year substantially larger than the £1bn. reduction suggested by Mr. Denis Healey in his Budget speech.

The objective for the Public Expenditure Survey Committee, whose review of spending programmes will occupy the whole summer, has—according to well informed political sources—been set at a cut of £2bn., and officials have been asked to find further optional cuts of £1bn.

While the review objectives of the committee exercise do not at this stage represent policy decisions, which will be taken in the autumn after the medium-term economic forecast has been completed, a review based on these highly restrictive objectives will lend weight to the Chancellor's repeated warnings that large cuts would be necessary if the growth of personal incomes could not be checked.

One objective of the Chancellor and the Prime Minister appears to be to bring Ministers in charge of spending Departments face-to-face with the stark economic alternatives facing the Government; the Prime Minister is reported to have arranged that Ministers will take a more than usually active role in the early stages of the review, which have normally been left to officials.

The task is the more urgent because Cabinet business has been in abeyance during the referendum campaign. The Consolidated Fund figures published at the end of last week showed that in the first two months of the present financial year Central Government expenditure on supply services—which covers real expenditure but not debt service and other financial payments—was running 44 per cent. higher than in the same two months a year earlier. While the bunching of figures makes it hard to read a trend from the outturn for two months, these figures strongly suggest that Government expenditure and finances have still not been brought under effective control. City projections of the Government's borrowing requirement are now well above the £9.1bn. stated in the Budget.

The main hope of reducing the growth of expenditure to reasonable figures is the Chancellor's forecast that inflation, which is likely to reach a peak in the next few weeks, will ease thereafter.

The index of wholesale prices for May, to be published later to-day, is therefore of unusual significance. The prices of basic materials and fuel have risen relatively slowly since the beginning of the year, but wholesale prices of output had risen by more than 8½ per cent. by April, almost as much as the retail price rise of 10½ per cent.

It is now hoped that the rise in wholesale prices will begin to respond to the more stable cost of inputs, though the retail price index—which will appear, perhaps appropriately, on Friday the 13th—will show an exceptionally large rise, since it will reflect the full effect of the VAT and duty increases imposed in the Budget.

Two further economic indicators will have a considerable political importance in this heavy week: the survey of investment intentions, to be published to-day, and the trade figures on Friday. The investment survey by the Department of Industry is likely to make gloomy reading, but Ministers may argue that the decisive referendum vote should have improved confidence since the questionnaire was answered.

Jack Jones calls for joint CBI-TUC wage policy

BY JOHN ELLIOTT, LABOUR EDITOR

A NEW departure in trade union thinking on the control of inflation was launched last night by Mr. Jack Jones of the Transport Workers, who issued a call for the TUC and CBI to come together and negotiate a "collective agreement" on future wages policy without the Government being present.

This call comes shortly before TUC leaders meet on Wednesday to consider pegging wage rises below the current level of price increases and also coincides with publication of a TUC proposal that no one in Britain should be allowed to earn more than £20,000 a year—£10,000 after tax.

This idea is to be put to-day by the TUC to the Royal Commission on the Distribution of Income and Wealth, as a way within Labour's "wider social contract" of moving towards a "socially fair range of earnings." It is bound to meet stiff resistance from the CBI members with whom Mr. Jones now wants to come to terms.

Mr. Jones issued his call last night when, in the context of imminent talks on the social contract for the next wages round, he told me: "We should be prepared to seek a collective agreement with the CBI to commit employers for the next wages round so that the policy will stick."

Speaking nearly three weeks after last month's call from the CBI's council for tripartite talks involving both sides of industry and the Government, Mr. Jones declared: "We should get away from tripartism and away from the politicians. They can make us aware of the problems and we get advice from them.

"But this is an industrial matter and it is far more sensible for employers and unions to sit down together. The best way to get results is to deal with the people who are actually involved."

Tripartite talks

Ever since the Conservative Government's abortive tripartite talks in 1972, Mr. Jones and other TUC leaders have been scathing about the CBI. They have insisted since Labour was returned early last year that the social contract was a matter between the Government and the unions, not involving the CBI, and that the wage guidelines were the responsibility solely of the TUC.

The about-turn now proposed by Mr. Jones follow a gradual thawing of CBI-TUC relationships in recent months, mainly as a result of constant pressure from the CBI. It also coincides, however, with Government Ministers making it clear that they are far from keen to leave it to the TUC alone, as they did last year, to fix the wage guidelines.

In this situation, Mr. Jones, who has been by far the country's most influential union leader on the framing of policies since Labour was elected, will now tell the TUC economic committee this Wednesday that the time has come for the TUC to change tack.

The main work for Wednesday's economic committee meeting to be consideration of a TUC office document, revealed in The Financial Times on Saturday, which proposes that unions should be prepared from this autumn onwards to aim for wage rises lower than the current rate of price increases.

The aim would be to bring the rate of price increases down below 20 per cent. and maybe as low as 10 to 15 per cent. next year. Unions would, however, expect to be compensated later if, having accepted wage rises at these levels, and prices continued to rise faster.

The TUC's £20,000 salary ceiling proposal is the first attempt by union leaders to curb top salaries directly. The Royal Commission is warned in written evidence by the TUC that "perceptions of injustice and inequalities are still the cause of much social dissatisfaction."

This will be expanded on to-day when Mr. Len Murray, TUC general secretary, leads a TUC delegation to give verbal evidence to the Commission's inquiry on top incomes.

Decision on Benn's future this week

THE FUTURE of Mr. Anthony Wedgwood Benn as Secretary for Industry is likely to be settled later this week, *writes Philip Rawstorne.*

Mr. Harold Wilson spent yesterday at Chequers pondering on the dilemma that faces him in moving Mr. Wedgwood Benn to another Cabinet post without causing further serious rifts in Labour unity.

There appears little doubt, however, that the Prime Minister intends to act within the next few days. With his position strengthened by the referendum vote, Mr. Wilson is reported to be taking a sanguine view of Left-wing threats of a major row over any attempts to demote Mr. Wedgwood Benn.

Mr. Wilson is also anxious to complete his changes—including a replacement for Mr. Eric Heffer, who was dismissed from his post as Minister of State for Industry—before the Government opens talks with both sides of industry on a fresh policy for combating inflation.

Labour MPs generally expect Mr. Wilson to offer Mr. Wedgwood Benn a Cabinet post of comparable, or even higher, status to that he now occupies in an attempt to avoid antagonising the Secretary for Industry's supporters in the Commons and the trade unions.

Speculation among politicians at the weekend included virtually every Cabinet post among Mr. Wedgwood Benn's possible destinations.

Prentice's role

It was widely suggested that Mr. Wilson might resolve his problem by offering Mr. Wedgwood Benn the post of Lord President and Leader of the Commons—a more elevated position in the Government hierarchy but well removed from the sensitive areas of the Government's relations with both the EEC and industry.

Mr. Edward Short, the present Lord President, it was said, could be moved to his old post as Secretary for Education, where Mr. Reg Prentice is presumed to be ripe for the Prime Minister's plucking.

Another popular version of the musical chairs game envisaged a straight swop of jobs between Mr. Wedgwood Benn and Mr. Anthony Crosland, Secretary for the Environment.

Mr. Wedgwood Benn's friends say it is inconceivable that he would accept any obvious demotion, preferring to resign and lead the Tribune group of Labour Left-wingers from the back benches.

The Prime Minister also appears intent on keeping his initial Government changes to a minimum; a more radical Government reshuffle is being contemplated in the autumn.

Opposition as Belgium picks U.S. fighter

BY DAVID CURRY BRUSSELS, June 8.

OVER-RULING the stubborn rearguard action of the minority French language party which controls its Parliamentary majority, the Belgium Cabinet has decided to buy the American General Dynamics F-16 fighter for its air force in preference to France's Dassault Mirage.

In doing so, Belgium has handed the U.S. a clean sweep in the so-called "arms deal of the century"—to competition to supply aircraft to Belgium, Holland, Norway and Denmark to fulfil their Nato role by replacing the Starfighters these countries operate.

Provide

The Belgian decision means that the four Nato countries will now place orders for 316 F-16s worth more than $2bn. to go with the 650 aircraft required for the U.S. Air Force. Holland and Denmark have options for a further 28 aircraft.

It also means that the compensation terms offered by the U.S. in return for a common purchase by the four countries will now come into effect. These provide for 10 per cent. of the work on the order for the U.S. Air Force to be done in the four countries; 40 per cent. on their own order; and 15 per cent. of the work on third country sales, which could be for as many as 2,000 aircraft.

For Belgium it will mean a possible order for 1,000 engines for the country's major weapons manufacturer Fabrication Nationale, ironically a major sub-contractor for the Mirage series of aircraft.

However, in handing the deal to the Americans the Belgian Prime Minister, Mr. Leo Tindemans, has put the fate of his Government in the balance. Last-ditch resistance to the choice of the American aircraft came from the tiny French language party, the Rassemblement Wallon, which has four members in the 29-man Cabinet.

The coalition Government's wafer-thin majority of five in the 202-seat Parliament depends on the votes of these 13 deputies who have vociferously demanded a "European" (i.e. French) choice.

Although the four Cabinet members have said they will not resign over the issue, but will stay to fight for other "European" causes, the Government—which is a Christian Socialist-Liberal-Rassemblement Wallon coalition—must still face a vote in Parliament this week.

It is expected that the RW will hesitate to bring down the Government because it has a very heavy investment in this administration's regional policies which embrace a commitment to devolve responsibility to the Dutch and French-speaking communities in an attempt to defuse the bitter linguistic divisions which plague Belgium's political life.

The RW has, however, quite clearly won its pound of flesh and not merely in the shape of reassurances on the Government's firmness in pursuing devolution. The arms purchase has been scaled down from 116 to 102 aircraft with the cost of the difference being devoted to a fund for the development of a European aircraft industry.

Quite what form this "consolation payment" to French interests will take is presumably as veiled in mystery to the Government as it is to everybody else.

Belgium also appears to have squeezed an extra concession out of the U.S., apparently in the shape of a promise to buy some $30m. of Belgian machine-guns. The Belgian arms industry is centred in the French-speaking part of the country, and it is thought that the French themselves at one time discussed the purchase of Belgian light arms.

Mr. Tindemans made it clear

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that the prior decision of his three allies to opt for the U.S. aircraft had been decisive. The need for a common purchase has long been emphasised by all four countries as part of the Nato campaign to standardise its armaments and so increase its efficiency.

Even so, the Belgians have now handed out two sharp rebuffs to the French in relatively quick succession. The Mirage had been urged on the Belgians by Pres. Giscard d'Estaing personally. A couple of years ago, it was decided to replace the French Caravelles in the fleet of Sabena, the Belgian national airline, with Boeing 737s rather than Dasault Mercures.

'Mistake'

The final orders for the F-16 are: Belgium 102, Holland 84 (plus 18 options), Norway 72, Denmark 58 (ten options). The third major contender, the Swedish Saab Viggen, was counted out at a relatively early stage in the proceedings.

● Giles Merritt writes from Paris: France has greeted the Belgian decision with predictable fury.

Prime Minister Jacques Chirac promptly stated that the Belgian government's decision was "deeply regrettable" for the future of Europe. A spokesman for Dassult-Breguet commented that Belgium's choice was "a serious mistake."

LOMBARD

Why this battle will roll on

BY C. GORDON TETHER

"WHAT MATTERS most in the end is to get this mainly sterile In or Out argument over and done with," said the Evening Standard on the eve of the referendum, giving its account of what had induced it to drop its previous opposition to Britain's "Europeanisation." If that was, indeed, its main concern it would have demonstrated a much better grasp of the realities of the struggle by sticking to its previous opinion.

For one thing that emerges clearly from the wordy battle of the past few weeks is that the EEC struggle will roll on—in all probability getting more heated rather than less as it does so.

One reason for this—though far from being the only one, as I shall later explain—is that many anti-Marketeers fully support Mr. Enoch Powell's contention that the referendum is just a milestone in the battle to preserve the ancient independence of these islands. From which it follows that they believe that it is the right—indeed the duty—of all who recognise this to continue the fight in every way they can.

Freedom

It is hardly necessary to point out that no force is more difficult to discourage or eliminate than that which sees itself as concerned with winning or preserving freedom from foreign domination—whatever form that domination may take. And no one can deny that, if the EEC is to become the great new power bloc its exponents envisage, it will have to be in sufficient command of its "subject peoples" to be able to pack the appropriate collective punch.

Moreover, anti-Marketeers will claim that, if their opponents were justified in arguing—as Mr. Heath, Mrs. Thatcher and Mr. Thorpe all did—that they could not consider themselves bound by a "no" outcome to the referendum seeing that it was "only consultative," they themselves would have even more justification for refusing to be bound by a "yes" one.

Why? Because, with the pro-Market side commanding the support of the Press, the business system and almost all the other arms of the Establishment and possessing immensely greater financial muscle than their opponents into the bargain, the latter were in the postion of trying to beat off a tank attack with shotguns. Their contention, in short, is that the referendum was a complete travesty of the democratic exercise it was supposed to be.

It would be very surprising, therefore, if we did not see the "battle for independence" continuing within the country. Indeed, it is quite conceivable that, by bringing to the surface some of the previously less evident apects of the controversy, the referendum exercise will have the effect of intensifying the war.

It is, however, important to realise that, even if the opponents of British entry into the EEC as such could all be induced to lay down their arms, we could still expect to see the battle rolling on in other forms. One reason for this is that the oncoming debate within the EEC on the future of economic and monetary union is bound to precipitate a major controversy in this country on the extent to which the U.K. can be committed to more extensive participation in EEC integration.

The revised prospectus on which the Government invited the country to remain in the EEC as good as promised not to take Britain any further down this path. And anti-Marketeers will obviously be watching closely to ensure that this undertaking is adhered to. But since this is likely to be challenged by Brussels and the hot gospellers of the EEC way of life in this country, a new running fight is clearly in prospect.

Struggle

Developing alongside it will be another immense struggle foreshadowed by the contrasting pictures of what the projected European Community will be like painted by its British devotees during the referendum struggle.

Pro-Marketeers have made much of the alleged "strange bedfellows" character of their opponents' army. Yet the anti-Marketeers are all agreed on the Britain they want to see—an independent one. By contrast, the ideas of our different political factions about the Europe they aim to create could not be further apart. Mr. Heath and his Tory backers envisage it as a capitalist fortress, whereas Mr. Jenkins and his left wing internationalists are fighting for a socialist promised land. Mr. Thorpe, for his part, envisages a Liberal Garden of Eden.

Remembering that they are all going to have to do battle, not only with each other, but with large elements on the Continent—including a weighty Communist one—that do not share the ideas of any of them, it looks very much as though the "yes" outcome to the referendum will succeed only in taking us out of the frying pan into the fire so far as ending the EEC controversy is concerned.

THE WEEK IN THE COURTS

Victory against an unloved tribunal

BY JUSTINIAN

THE FOREIGN Compensation Commission set up in 1950 to determine claims to compensation by British subjects whose overseas property had been seized by foreign powers, was the most unloved of the many tribunals set up in recent years to deal with matters of a specialised character. The major reason for its unpopularity disappeared in 1969, and last week the first successful appeal against a decision of the Commission, before the Court of Appeal in *Benin v. Whimster*, provided an occasion for restoring confidence both in the Commission and in an important area of administrative law.

The Foreign Compensation Commission's functions are predominantly judicial; it is a permanent body, composed of lawyers with a chairman of distinction among the legal profession. Why then was it so unpopular among the lawyers who appeared before it? The answer lay in the fact that Parliament in 1950 had provided that the determination by the Commission of any application made to them under the Act of 1950 "shall not be called in question in any court of law."

Chafing

It was no doubt felt that, having regard to the number and the complexity of the cases with which they had to deal, and because of the need for economy, speed and expertise, there should be a measure of—possibly even complete—finality to their decisions.

For nearly 20 years, the members of the legal profession who conducted the cases before the Commission chafed under the statutory provision which made the decisions of the Commission final and unreviewable by the courts, particularly where the Commission palpably decided a point of law wrongly. The inability to challenge the Commission's decisions in the ordinary courts led, understandably, to frustration and criticism of the Commission.

Then dramatically in 1968 the House of Lords decided in *Anisminic v. Foreign Compensation Commission** that the 1950 Act did not oust judicial review where it was alleged by the claimant for compensation that the Commission's "decision" was a nullity, since the "decision" was based on irrelevant considerations. The decision of the House of Lords was a bold reassertion of the supervisory jurisdiction of the courts. But so long as the Commission had properly exercised its jurisdiction, any point of law in the case still remained beyond being questioned in the ordinary courts.

The *Anisminic* case, providing as it did a measure of relief from the total immunity of the Commission from judicial review, provoked the Government to draft legislation permitting the Commission to make unreviewable determinations, even to the extent of its own jurisdiction, thus restoring to the Commission its unique status. Of all administrative tribunals, the Commission alone had been excepted from the provisions of the Tribunals and Inquiries Act 1958, which gave a right of appeal to the courts against any decision of administrative tribunals on points of law.

Sequestration

The Government's proposal in its turn provoked a storm of protest in Parliament, and the Bill was amended out of existence at the Bill's committee stage of the House of Lords. Not merely was the *Anisminic* decision not overturned by the new legislation, but the Foreign Compensation Act 1969 now provides for an appeal to the Court of Appeal on points of law.

The only concession to the demand for expedition in determing claims and for the distribution of the compensation to the successful claimants was that there could be no appeal to the House of Lords from any decision of the Court of Appeal.

In *Benin v. Whimster*, the point in issue was whether an order of sequestration of property belonging to British subjects by the Egyptian Government following the Suez crisis, and a subsequent sale by the sequestrator of the property to a State insurance company at a grossly under-valued price, was "nationalisation or expropriation" of the property. If it was, then the Benin family were entitled to claim for compensation under an Order in Council made in this country giving effect to an agreement between the Egyptian Government and the British Government whereby a fund of money was provided by the Egyptians to recompense British subjects who lost their property as a result of the foreign Government's action.

The Foreign Compensation Commission had ruled in November 1973 against the Benin family on the ground that sequestration of their property was not nationalisation or expropriation, and that the subsequent sale of the property did not cause any loss as the result of nationalisation or expropriation. Even under the *Anisminic* ruling that decision would have been unchallengeable in the courts. But the Benin family took their case last week to the Court of Appeal under the new provision in the 1969 Act.

Unhealthy

While the judges in the Court of Appeal found the construction of the phrase "nationalisation or expropriation" in the Order in Council anything but easy to resolve, they ultimately concluded that the Commission had approached the problem in a legally impermissible way.

The judges said that it was wrong to treat the sequestration and the subsequent sale as two quite distinct steps in the deprivation of the Benin family's property. The two stages were part and parcel of a single operation whereby the Benin family lost their property to a State enterprise. The operation, achieved in two steps, was aptly caught by the word "expropriation," and the Benin family were therefore entitled to claim compensation against the fund.

The successful challenge to a decision of the Foreign Compensation Commission will, paradoxically, restore faith in the process of determining claims in this specialised field of administrative law. The mere existence of a right of appeal against the decision of any tribunal is always healthy, and not just for the fact that wrong decisions can be rectified. There is a certain unhealthiness in any tribunal of first instance being immune from further challenge in the courts. It was that immunity that had bred dislike and irritation against the Commission. Now that the immunity has been demonstrably removed, the Commission should enjoy the status its membership deserves, the more so if their subsequent rulings are always upheld by the Court of Appeal.

* [1969] 2 A.C.147

CRICKET — BY TREVOR BAILEY

Too much disparity

THE PRUDENTIAL World Cup, as expected, produced three one-sided massacres and one reasonable game of cricket, in which Australia beat Pakistan by 73 runs, a fairly wide margin for a limited-over match.

Pakistan are unlucky to be in the same section as Australia and the West Indies, because they must have fancied their chances of beating England and New Zealand, who are in the other zone, and can hardly fail to qualify for the semi-finals.

Owing to the enormous disparities between the quality of the eight competing countries, there are only three really intriguing matches in the eight left before the semi-finals.

These are England v. New Zealand, to decide who tops that section, and Pakistan v. West Indies on Wednesday, and, at the Oval next Saturday, there is the outstanding clash of the early rounds, Australia v. West Indies. This is already a sell-out and could well be a dress rehearsal for the semi-final—but do not under-rate England's chances, even if there was a depressing sameness about their attack against India, five fast, or fast-medium right-armers and a medium-paced "dobber."

Although knock-out cricket is often exciting, it has no automatic guarantee of entertainment. Whenever the team batting first scores too many or too few runs, anti-climax usually occurs.

At Lord's on Saturday the result was obvious by lunch, which meant that the main interest lay in attempting to guess the size of England's total and the extent of India's defeat. It is doubtful if India would have been capable of scoring 200 runs in 60 overs off the English bowlers, so that 334 was plainly an impossibility. As things turned out, they did not even try, and indulged in some restrained batting practice, much to the annoyance of their many supporters who would have preferred to see them go down in a flurry of desperate strokes.

Splendid Amiss

Amiss's century was splendid, packed with a wide range of attacking shots, including a cleverly angled push-cum-drive with which he repeatedly pierced the field. Fletcher, after a stuttering start, was a fine associate in the pursuit of runs.

Bowling at this pair in top gear on a true pitch and a fast outfield is a daunting prospect, and was too much for the limited Indian attack. They probably regretted the omission of Bedi, as their mundane seamers were despatched to all parts of the ground by the controlled aggression of Amiss and Fletcher and by a final all-out assault in the closing overs.

The Indians bowled too many balls that were wide of the off stump and too short, which allowed the batsmen to cut and slash happily off the front and the back foot. These strokes were made even more profitable because, for a long period, there was only one man on the boundary on the off side, a third man, who was trying to cope with the square cut and the unintentional fine snick—always a useful shot when there is only a single slip in a catching position.

What can a medium-pace seamer do in these trying circumstances? My own belief is that he should keep a full length and aim to pitch middle and hit the leg stump. If, in addition, he varies his pace and sends down a good quota of yorkers he will not stop the batsmen from scoring, but he should make it more difficult, dangerous, and also reduce the scoring arc. Having been struck to the boundary he must try to avoid the obvious inclination of replying with a quicker delivery and, instead, hold the next one back and hope for a catch.

GOLF — BY BEN WRIGHT

Sneeze that cost a vital hole

YOU CANNOT, of course, argue with an 8 and 7, or put it coolly to bad luck. But Mark James, beaten by that margin by Vinny Giles in the 36-hole final of the Amateur Championship at Royal Liverpool on Saturday, will not need telling that he was not that bad; and that all the breaks went one way—not his way.

Apart from the fact that the American holed four huge putts, chipped in once and won another hole he might have lost by hitting the pin with a mis-hit chip, James had to endure what was for him the first day of the new hay fever season.

He refused to make this an excuse but it may have contributed to him losing a vital hole in the afternoon. Giles had already holed a 35-yard chip shot at the 19th to go three up, and hit a huge drive down the 21st. James, waiting to play, produced a huge hay fever sneeze, and with eyes still watering and face still flushed, he quick-hooked into the rough.

That cost him a five and another hole—and somehow four down seems almost irretrievable—infinitely worse than three down.

Worse was to follow at the short 22nd, although James contributed to matters by finding the bunker short of the green with his tee shot. Giles had gone through, found a scruffy lie, out of which his ball came a good deal cleaner than he expected. It shot towards the hole and was clearly going to run on down the hill and finish 25 to 30 feet past the pin when it struck the stick full on and pulled up six feet away.

Pushed drive

James, who had come out of the bunker to 10 feet, missed the putt; Giles after inadvertently touching the ball with his putter during the address but not moving it, holed and was five up.

That hole seemed to get to James and for the first time in the championship he played a completely bad hole at the 23rd. A pushed drive narrowly escaped the gorse, an attempted recovery did likewise and a full-blooded shank into the gardens led to a conceded hole, and effectively the championship.

In the morning Giles opened with a 20 foot putt for a birdie at the first, holed again from the same distance twice in the next four holes, and got in a 50-footer at the 11th for a half. That kind of putting not only wins holes, it destroys opponents.

James will probably turn professional in the near future, where his ability to hit the ball long and straight off the tee, and to put together the occasional round where he holes everything, will almost certainly ensure a good livelihood. But no matter how good he becomes—and it may be very good—he will not become any one's idol unless he changes his attitudes on the golf course.

He is called "grumpy" by his professional mentor, Gavin Christie. The perfect is received with a stony stare by James, the less-than-perfect with open irritation, with how-could-that-happen-to-me. It makes for unattractive watching and if he is to marry into golf it will help him, and all of us, if he remembers that it is for better, for worse.

YACHTING — BY ALEC BEILBY

Selection race reflects past form

THE OPENING race in the official British Admiral's Cup team selection trials, sailed over a 220-mile course from Cowes to Cherbourg via the Owers and Shambles lightships and back to the Solent, was a rapid affair but produced results that reflected performances already shown by the front runners in races sailed ealier in the season.

The race was also a selection trial for the British Quarter Ton Cup crews who sailed a slightly shorter course omitting the Owers, and the French Admiral's cup team selectors.

Bill McCowen's scratch yacht Synergy took line honours and the De Guingand Bowl, setting the pattern for the rest of the fleet. Because of a persistently easterly wind of up to 20 knots, the larger yachts were able to maintain their near-maximum speed. The results, apart from three or four exceptions, were almost a photo-copy of the entry lists, the largest yachts finishing top.

Tactically it was a race without special feature, though running down Channel on Friday evening the choice lay between wind offshore or the potentially stronger favourable tide close to the Isle of Wight. The offshore ploy was worked by John Prentice's Battlecry, Noryema and Morning Cloud while Synergy and More Opposition stayed inshore and lost the wind. A land breeze, in fact, saved Synergy's day and she was able to drive for the stronger wind away from the coast.

Synergy led round the Shambles lightship by 20 minutes from Battlecry which in turn led Noryema and More Opposition by about the same distance. It was an encouraging performance for Battlecry's crew who conceded their mast to the Royal Sovereign light tower three weeks ago, acquired a new one within five days and then had only two week-ends to retune the yacht.

A good political week for Ted Heath culminated with a good race: Morning Cloud finishing seventh overall and fourth of the British Admiral Cup yachts, which were divided at the top by a French yacht, the Irish Moonduster and the Hong Kong conglomerate Siel V with her British crew. Tony Morgan's More Opposition and Ron Amey's tenth Noryema were second and third to Synergy.

From the point of view of the team selectors, both for the Admiral's and Quarter Ton Cup yachts times at the Nab Tower, some seven miles from the official finishing line, off Southsea, might have produced a more realistic result as light winds and contrary times led to a final agonising crawl which was a test of patience rather than skill and liberally sprinkled with luck.

It is early days to forecast an Admiral's Cup team as there are still the Morgan Cup ocean race and eight inshore trials to be sailed, but it seems that the team may be chosen from More Opposition, Battlecry, Morning Cloud, Robin Aisher's Yeoman XX and possibly Arthur Slater's new Prospect of Whitby, though she still has to prove her worth.

RACING — BY DOMINIC WIGAN

Bustino lands a clever win

JUDGED ON his fine effort in Saturday's Coronation Cup at Epsom, Lady Beaverbrook's game four-year-old — Bustino — has a good chance of following Ballymoss who, after landing the St. Leger of 1957 and the following year's Coronation Cup, went on to win the Prix de l'Arc de Triomphe.

Bustino, a powerfully-made bay who has filled out considerably over the close season, never appeared likely to fail at any stage on Saturday. After tracking his pace-maker, Riboson—a top-class performer in his own right—Bustino quickly asserted his superiority in the straight, and, although hard pressed by the good-looking French colt Ashmore, won cleverly by a length.

Mil's Bomb, one of last season's best-staying fillies in Europe, showed that she was returning to form by taking third place ahead of the other French representative, the disappointing Comtesse de Loir, whom many had expected to prove too fast for Bustino.

It seems likely that, as with Moonlight Night, the fast conditions, which enabled Bustino to clock 2 minutes 33.31 seconds (a record for the Derby course) were all against Comtesse de Loir, who has shown her best form in testing conditions. I shall be extremely surprised if the Val de Loir filly does not leave Saturday's form well behind when she renews rivalry with her old rival, Allez France, in the Arc de Triomphe this autumn.

Joe Mercer, gaining a second successive victory in the Coronation Cup, following Buoy's win a year ago, will be at Brighton, one of his favourite courses—this afternoon, where he may do well on another of Lady Beaverbrook's stable, Promote.

This seven-year-old, trained at Kingsclere by Ian Balding, goes for the Fitzherbert Handicap (3.30).

Promote did well to finish a close third behind Paper Chase and Track Hero in Salisbury's Harnham Handicap a week ago, and that form gives him an obvious chance. However, a slightly better prospect, to my mind, is Paul Cole's representative, the course winner, *Private Well*—a respectable second at Brighton to Belper on his only previous outing this season.

Captain Ryan Price, whose Findon stable has been having a quiet time lately, may well provide two winners—*Teasel*, who has shown enough ability to suggest that she can land the weakly contested Beau Brummel Stakes (2.0), and *Royal Fanfare* in the Chippendale Stakes (4.30).

At this evening's Leicester meeting, where *Sam Cade* can get favourite-backers off to a good start in the Hickling Selling Handicap (7.0), *Gypsy Forecast* can complete a quick course and distance double in the Ragdale Handicap (8.50).

BRIGHTON

2.00—Teasel***
2.30—Niswyth
3.00—Dubello
3.30—Private Well*
4.00—Parbleu
4.30—Royal Fanfare

LEICESTER

7.00—Sam Cade
8.20—Acidity
8.50—Gypsy Forecast**

TV/Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 10.45 You and Me. †11.00 For Schools, Colleges. 12.50 p.m. Anno Domini. 1.30 Mary, Mungo and Midge. 1.45 News. 2.20 For Schools, Colleges. †3.58 Regional News (except London). 4.00 Play School. 4.25 The Clangers. 4.35 Jackanory. 4.50 Blue Peter. 5.15 Hong Kong Phooey. 5.40 Roobarb.

5.45 News.
†6.00 Nationwide.
6.50 Star Trek.
7.40 Whatever Happened to the Likely Lads?
8.10 Panorama.
9.00 News.
9.25 Kojak.
10.10 Churchill's People.
11.05 Choice For To-morrow.
†11.28 Regional News.

All regions as BBC 1 except at the following times:

Wales—1.30-1.45 p.m. Pili Pala. 6.00-6.50 Wales To-day. 6.50-7.20 Heddiw. 7.20-8.10 Star Trek. 11.05-11.28 Dewch i Siarad. †11.28 News of Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 10.10-10.40 Public Account. 10.40-11.20 Miss Scotland 1975. 11.20-11.45 Choices For To-morrow, †Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. News. 6.00-6.25 Scene Around Six. 6.25-6.50 Land and Larder. 11.05-11.35 Episcopal Consecration in St. Patrick's Cathedral, Armagh. 11.35-11.58 Choices for To-morrow followed by †Northern Ireland News Headlines.

England—6.00-6.50 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South West (from Plymouth).

BBC 2

†7.05 a.m. Open University.
11.00 Play School.
†5.00 p.m. Open University.
7.05 Parents and Children
7.30 Newsday.
7.45 Look, Stranger.
8.10 The Waltons.
9.10 Rutland Weekend Television.
9.30 Horizon.
10.20 News Extra.
10.50 Open Door.
11.20 Closedown: Leslie Sands reads "A Tuscan Villa," by C. Day Lewis.

LONDON

9.30 a.m. Schools Programmes. 12.00 Pipkins. 12.15 p.m. Noddy. †12.30 Double Identity. 1.00 First Report: News, FT Index. 1.20 Lunchtime Today. 1.30 The Great Western Musical Thunderbox. 2.00 Good Afternoon. 2.30 "Private's Progress," starring Richard Attenborough, Dennis Price, Terry-Thomas and Ian Carmichael. 4.15 Cartoon. 4.20 Clapperboard. 4.50 The Tomorrow People. 5.20 The Ghost and Mrs. Muir.

5.50 News from ITN.
6.00 Today.
6.40 The David Nixon Show.
7.30 Coronation Street.
8.00 Man About The House.
8.30 World In Action.
9.00 Sam.
10.00 News.
10.30 The Streets of San Francisco.
11.30 World Snooker.
11.55 The Inward Eye.

All ITV regions as London except at the following times:

ANGLIA

12.30 p.m. Look Who's Talking. 1.25 Anglia News. 2.00 Houseparty. 2.30 Monday Afternoon Film: "The Gift of Love" starring Robert Stack and Lauren Bacall. 5.20 University Challenge. 6.00 About Anglia. 10.30 Monday Late Film: "The Long Haul" starring Victor Mature, Diana Dors and Patrick Allen. 12.05 a.m. Anthology.

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

HTV Cymru/Wales—As HTV General Service except:—1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.01-6.22 Y Dydd. 8.30-9.00 Yr Wythnos. HTV West—As HTV General Service except:—1.20-1.30 p.m. Report West Headlines. 6.22-6.45 This Is The West This Week.

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

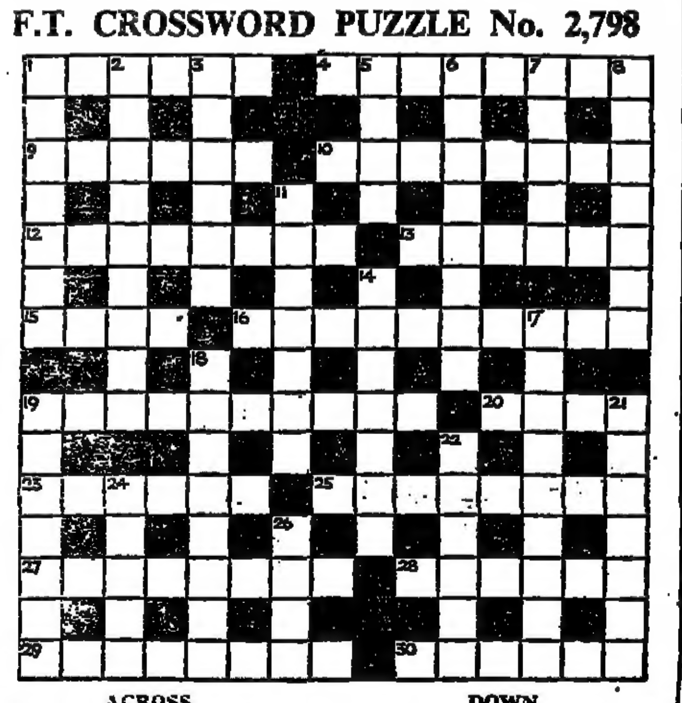
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 2,798



ACROSS

1 Plant transatlantic uncle in the diocese (6)
4 A single strike can throw light on the subject (3, 5)
9 Politician gets fifty in the company to agree (6)
10 Charge the poor creature—he's a passionate reader (8)
12 How to show poor hands the ways about town (2-6)
13 "Bores through his — wall, and farewell king" (Richard II) (6)
15 City of endeavour with nought inside (4)
16 Takes sisal—that could be grand larceny (5, 1, 4)
19 Done by the host and found in every suit (3, 7)
20 You need a drink to see the smart fellow (4)
23 Philip and his relations can go to pot (6)
25 Not creditable—was it a performance for charity? (4, 4)
27 Rank enclosure round the river (8)
28 Weed gets the Spanish to mend (6)
29 Lost, dear? Possibly there is something to steer by (8)
30 Felix out of bed—what sauce! (6)

DOWN

1 Musical instrument, but comes after the wine (7)
2 Get heaps more to send a message (9)
3 Trouble the doctor—just in case (6)
5 Secluded corner is all right with a number (4)
6 What pioneers do with added murder (4, 1, 3)
7 Tipster includes the right to fish (5)
8 Severely criticises the football team (7)
11 Notice a distinction without a prize (7)
14 Philandering command to the sergeant (5, 2)
17 "Some mischief still for — to do" (Isaac Watts) (4, 5)
18 Reptiles that help with discipline (8)
19 Many get up about the type with local emphasis (7)
21 The flower that subdues insolence (7)
22 Deserter in time admits the faults (6)
24 Cut about in the foot (5)
26 One or two fathers (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Festival Hall

Aronovich by DOMINIC GILL

The London Symphony Orchestra's Russian programme last Thursday, also broadcast live on Radio 3, was conducted by Yuri Aronovich — the chief conductor until 1972 of the Moscow Radio Symphony Orchestra, now with the Gurzenich in Cologne, who made a *sensational* Covent Garden debut in *Boris* last year.

It was a long and splendid evening. Aronovich's incisive rhythmic cut and thrust, clear graphic gesture, and powerful control of detail coaxed and commanded from the LSO some of the most vivid and exciting orchestral playing that the Festival Hall has heard for many months. How good above all it was to hear a conductor who is not content merely to ride along on the virtuosity and unruffled expertise of a great orchestra—but who can *lead it, shape it,* gather it together in unanimous focus within the individual frame and momentum he provides!

The programme began and ended with Chaikovsky—an invigoratingly unsentimental reading of the *Sleeping Beauty* Prologue, quick and bright, dancing with colour; and a performance, worked in the finest detail but massively structured, of the *Manfred* symphony. Between whiles, Maurizio Pollini was the soloist in an account of Prokofiev's third piano concerto so absorbing, so entirely satisfying *on its own terms,* as to make critical comment superfluous.

I missed a degree of lyrical tenderness, of broad sensuous sweep, in the first movement: but in a performance of such wholeness and conviction the reservation was small and easy to forget. Difficult to say which the more impressive: Pollini's own steely *hammer-octaves (and more impressive still,* his hammer-semiquavers, *fortissimo,* powerful, diamond-cut) or the brilliance and temper of the orchestral playing, not a measure's ensemble out of true. Aronovich's *brisk tempi—once or* twice for my taste too brisk—at least successfully sharpened any hint of saccharin in the finale's marvellous, immensely soppy tune.

The introduction to Manfred, *lento lugubre,* was broad and grand, shot through with the darkest colours; the andante of the first movement, anti-climactic in any lesser hands than the best, was miraculously shaped and shaded—shades, without exaggeration, of Toscanini. Faultless instrumental conversation in the vivace second movement was a joy to hear—every line crisp and clean. A wild and fantastick finale was superbly *delivered: wild, fierce and free.*

Criterion

Oh Coward! by B. A. YOUNG

Roderick Cook has devised *and directed this Coward casserole;* he also presents it and is one-third of the cast. He does the Coward bits himself, and it's his misfortune, in this context, that his face so often wears a macabre look of Max Wall. *Emphasis for him* means a two-second pause before a word, so the rhythm of his songs is jettisoned. Worse when he shares with one or other of his colleagues some favoured lines from the comedies: between each build-up and its pay-off falls a pause that Macready himself would have felt impatient at.

The other two-thirds of the company are Jamie Ross, who sings the romantic numbers in a resonant baritone with vowel sounds whose impurity would *have driven the Master to* distraction, and Geraldine McEwan. Miss McEwan is a practised comedienne, and when left to herself brings a touch of style to the proceedings, though she isn't left to herself very often. She is no canary; neither was Gertrude Lawrence, come to that; but she can put point in a point number, and she looks enchanting in a white dress with a vast ostrich-feather fan. But oh, Miss McEwan, que diable fais-tu en cette galère?

Coward's words and music are bundled together without much overall design. The show is almost entirely songs, grouped loosely under such headings as England, Family Album, Travel, Love. A piano tinkles prettily in *the pit. The production, done* behind a false proscenium in Herbert Senn and Helen Pond's designs to suggest a toy theatre, is strictly end-of-the-pier.

Coward's best songs are invincible, though evidently his dialogue and his conversational wit are not. (Whoever added the extra lines to the Coward version of "Let's do it" hasn't got the knack, and I think is in danger of a legal action.) Lucky young people may be hearing songs like "Nina" and "Mad dogs and Englishmen" for the first time; old people like me can lean on our nostalgia. In Canada *Oh Coward!* ran longer than *Hair.* But then the Canadians hadn't seen *Cowardy Custard.*

Morley College, S.E.1

Naboth's Vineyard

by MAX LOPPERT

A pleasant evening of music theatre at Morley College on Thursday had at its centre Alexander Goehr's *Naboth's Vineyard,* the first of the music theatre triptych (the other, later two are *Shadowplay* and *Sonata about Jerusalem*) that increasingly looks like one of the strikingly original achievements of the last ten years. These works, in concert performance, show the sharp cut, tough wit and cool, bright colour of the music, without quite indicating, as this neat, economical staging notably did, how well music and *mime work with and against* each other.

John Cox's description of his original (at the 1968 City of London Festival: I did not see it), printed in the front of the score, conjures up a more dazzlingly hard and fast picture of thievery, scheming, and violence, than Jill Henderson and Titos Argyris, devising and undertaking the mimes, managed to achieve—in particular, the "dangerous but comic grotesque" Jezebel seemed to be played with farce toned down. The stoning of Naboth, in which the Morley College Musica Viva Ensemble under Michael Graubart made a commendably pungent and strong impact, is the dramatic centre of the piece, at once exhilarating, ironic and cruelly powerful in the composer's ability to present turbulent, even ugly forces "objectively," yet with strength of musical and physical gesture — telling a morality tale without moralising. Its enactment here was admirable. *The complete Triptych* next?

The singers — Caroline Churchill (soprano), Justyn Lewis (tenor), Paul Hillier (bass-baritone) — had been earlier joined by another tenor, Keith Abbs, for a minimally staged account of Monteverdi's *Lamento della Ninfa,* during which one was still adjusting to the enclosed concrete atmosphere of the little studio theatre; the harpsichordist and director, Nicola LeFanu, had not yet imposed on the singers a sense of the music in which rhythm and phrase had been *founded on* expressive declamation of the text —except when Miss Churchill, with a colourful, personal, rather uneven voice, was singing. After the interval, members of the Creative Dance class joined with the musicians for a realisation of the "Nightpiece" half of Cardew's *The Tiger's Mind* which was rather silly in motivation, and overly fanciful in movement, but very enjoyable to watch and listen to. The programme is repeated tonight, Monday.

Elizabeth Hall

Monody and Meridian

by DOMINIC GILL

During the past two years, Harrison Birtwistle has been teaching abroad and working on a new opera, whose *fate—since* it was abortively commissioned and then uncommissioned first by Covent Garden and then Glyndebourne—is now uncertain. There have otherwise been no new works; and in the meantime the music generally of one of the most interesting composers of the wartime post-Boulez generation has been not ignored, but relatively neglected.

So it was an imaginative choice of the London Sinfonietta's to include in the last programme of their season, conducted on Friday by Elgar Howarth, two important Birtwistle works, *Monody for Corpus Christi* and *Meridian. Monody* is an early piece, dating from 1960-61: a 12-minute essay for soprano, flute, violin and horn fashioned with a Boulez-like delicacy and *clarity*—but also with the same toughness and sharp lyrical edge, the same concentration of lyrical gesture, which we have come to associate with the later music. It's not one of his major scores: but it *has major qualities—a powerful* dramatic shape, simply and cogently formed, worked with a characteristic combination of pungency and refinement. The performance was a good one, warmly rounded by the soprano soloist *Jane Manning, and en*livened by some notable contributions from the horn-player Anthony Halstead.

The second work made no very strong impression when I heard it first in 1971. Strange how the distance of only a few years can so alter perspective: at this second performance *Meridian* came vividly to life. The sound-world of Birtwistle's "love-song" for mezzo, cello and horn soloists, accompanied by an ensemble of nine instruments, six-part soprano chorus and percussion, is closer to that of Berio than of Boulez. Direct comparison would be misleading: the writing is more compact than Berio, more fraught with *tension and silence, more austere* in impact. But in another way it looks clearly southwards for its inspiration—plays on the senses warmly, has a powerful momentum of real sensuous excitement.

I was not convinced that the text, taken from Thomas Wyatt and Christopher Logue, played a primary part: any other, even another text entirely, unrelated to birth and creative genesis (a constant Birtwistle preoccupa*tion), might perhaps have done* just as well. But as a purely instrumental statement, as opposed to a setting of words, I found *Meridian* greatly impressive: full of fire, and poetry, and lively imagination. The per*formance, with Sarah Walker,* Jennifer Ward-Clarke and Anthony Halstead as its central trio, was also very fine. I suspect that *Meridian* may be seen in time as one of the key British works of its decade: can some *Financial Powers not* be persuaded that it deserves to be recorded, and recorded soon?

The Sinfonietta began their evening, as ever expertly balanced, with a very beautiful account of Ravel's *Introduction and Allegro: an inspired hors* d'oeuvre, gently dominated by the eloquent harp-playing of Una O'Donovan; and ended their first half with a not-too-serious reading of Britten's over-rated *Sinfonietta* op. 1.

The Complete Tynan

by B. A. YOUNG

A View of the English Stage, 1944-63. Kenneth Tynan. Davis-Poynter, £5.50. 386 pages

When I feel *stale,* I go to my copy of *Curtains* or *Tynan Right and Left* to refresh myself from the most revivifying criticism of our time. Now we can have all the Tynan critical writing in one volume, and anyone interested in the theatre should dash for it.

More than any critic since Hazlitt, Mr. Tynan can make me see what he saw on the stage, and he does it with exemplary economy. He was the first great critic of the modern *newspaper* world; many of the notices in this collection were written for the Evening Standard or the Daily Sketch, and neither paper, at any rate in those days, offered much room to the arts.

A random dip brings up the little notice of Wolfit in *The Wandering Jew* at the King's, Hammersmith. Hazlitt would have written 5,000 words; Mr. Tynan has written about 500, and probably overnight. In them is encapsulated the Wolfit world. "He delivers each line as a challenge flung in the teeth of invisible *foes.*" "The Christian camp, all stripy canvas and flags, seems to be pitched backstage at Bertram Mills's circus." "As the curtain falls, Mr. Wolfit goes up in flames, aged fourteen hundred and some odd years. It is like the annual roasting of an ox on Shakespeare's birthday at Stratford-on-Avon."

It is all there—who's in it, what's it about, is it any good, the three questions a newspaper critic has to answer, and so readably written that attention is caught at once and never relinquished. I wondered sometimes if Mr. Tynan would still stand by his 10, 20, 30 year old opinions —if, for instance, he still thought John Osborne the most important British dramatist since Shaw. Interesting, though, to read a plea for third-rate nude revue in 1964.

Florence opera

Maggio musicale — 2

by WILLIAM WEAVER

After all the gnashing of teeth and dire predictions (including my own), this year's Maggio musicale seems destined to complete its course. Some funds *have arrived; orchestra, chorus,* administrative staff have all been paid. And a new law, regulating Italian musical organisations, is in the making. Whether the new one will be an improvement on the old remains to be seen; it could hardly be anything else, since the ill-starred "Corona law" (named after the unfortunate parliamentarian who introduced it) has been for years the deserved target of scorn and recrimination.

Meanwhile, at the Teatro Comunale, we have the festival's second—and last—opera production: Chaikovsky's *Eugene Onegin,* conducted by Jerzy Semkow, produced by Gian Carlo Menotti, *sets* and costumes designed by Pierluigi Samaritani. An ideal team. Samaritani rivals Lila de Nobili in his feeling for mid-19th century romanticism, and for the Chaikovsky masterpiece he created an autumnal world of rural simplicity, falling leaves, misted lake, and then—for the last act —a stately St. Petersburg palace. *The costumes were of Chaikovsky's time,* not Pushkin's, and were both elegant in themselves and flattering to the artists.

Mariana Niculescu and Angelo Romero.

Within this handsome frame, Menotti invented a tasteful, telling production. There was the proper amount of bustle in the opening scene (the chorus, here as later, was deftly moved), but afterwards everything was kept simple, without fuss. The drama was allowed ot speak for itself. Enrico Sportiello, the choreographer, also deserves praise; for once the little group of dancers actually looked like guests at a party and not an intruding corps *de ballet.*

Semkow's reading was coherent and restrained. He did not stint the dramatic climaxes, but he did not push them, either. The Comunale orchestra — especially the vital woodwinds and brass—played well for him, and the ensemble with the stage was always good.

The part of Tatiana is as demanding as any in opera, and a great deal more subtle than most. The interpreter must convincingly play an impassioned, inexperienced young girl in the first part of the work, then *become a self-controlled* noblewoman of the highest society in the last act. The young Mariana Niculescu is, as yet, unable to fulfil all these requirements; but she is an attractive and promising artist, and it was a pleasure to watch and hear her. She sang the letter scene accurately and with feeling, but that feeling was somewhat generic. The shifts of mood were not all indicated (here perhaps Semkow could have helped her with sharper definition). In the last act, and notably in the final duet, she was more firmly in character.

Her Onegin was Angelo Romero, the young baritone who made a great impression two years ago as Lescaut in the Schippers-Visconti production of the Puccini opera in Spoleto. He confirmed his promise as Posa in a Rome *Don Carlos,* and has been singing regularly in the major Italian houses. However, he has developed a tendency to croon, impeding the natural clarity of his fine voice. As a result, his Onegin was vocally uncharacterised and, finally, monotonous. He seemed, in any case, ill at-ease in the part; even his acting—usually admirable—looked unconvinced.

Clean, honest singing distinguished the *Lensky* of Veriano Luchetti, in a part which (unlike some others he has tackled recently) lies perfectly within his abilities. Naturally, this was a rather Mediterranean young poet, but a moving one (and, after all, Chaikovsky visited Florence while he was composing this opera). The smaller roles *were all strongly cast. Silvana* Mazzieri was a sweet Olga; Carlo Zardo, a fine figure of a Gremin.

Curiously, this was the first performance ever of *Eugene Onegin* in Florence. And, also curiously, the Sunday matinee which I attended drew a very poor crowd. The Florentines are apparently less concerned with supporting their endangered festival than is Your Correspondent.

The Entertainment Guide is on Page 43

Theatre

The Dawn/Hair

by B. A. YOUNG

David Henry Wilson's play at the Act Inn is unusual; though it deals with the generation gap, it has a bias in favour of the old. Dan and Sarah, two senior citizens of an age possibly 25 years from now, are surrounded by their accustomed comforts, but *only in laboratory conditions.* While they try to live their normal lives, they are interrogated by a white-coated examiner hired by their son Michael, who can't believe in the past they talk about—pop groups, *Saturday night in Sauchiehall* Street, cricket, screwing, television. Michael lives in a Brave New World where such phenomena are of archaeological interest only and even the accepted manner of human repro*duction hard to believe in.*

Dan and Sarah, true products of our time, find nothing odd in *this official interference* with their life, even when it is accompanied with violence. But they have at some time moved through a time-slip, for they think Michael is a baby, even going as far as changing his *nappies although he is immacu*late in a grey suit and seems to us (and himself) to be 25. They also suffer from a failure of memory about their early lives, which they can recall only vaguely in a wash of stereotypes.

Mr. Wilson's writing *is* constantly interesting and often—though the play isn't a comedy —very funny. (One day he must show us all 30 minutes of the television programme "Your Number's Up!" which so engages the oldsters.) He is wise enough not to give us all the answers on a plate but leaves us *something to think* about afterwards. The sinister nature of the theme expressed in his final scene, that "Ignorance is the pre-condition of happiness," is emphasised by the fluency with which it can be defended.

The production is directed by Adrian Rendle and is very well acted. Charles West and Maggie Maxwell are the old couple and Eric Deacon their son; Malcolm Mudie is coldly impassive as the *interrogator. The Act Inn is* reached through the bar of the Duke of Argyll pub in Brewer Street, W.1.

Anyone who can still feel excited at the recollection of *Hair* in 1968, the jolt of its friendly overturning of all existing social standards, its devotion to the cause of universal amity, *must be prepared for something* different at Her Majesty's Theatre. The liberties the young people sought seven years ago, to use dirty language in public, to take pride in naked bodies, to sleep with whom you like, to smoke marijuana as well as tobacco, have either been conceded or become boring with excessive exposure; and the end of the American involvement in Vietnam cut the supports away from the only thread of plot, Claude's dilemma about induction into the U.S. army.

Rufus Collins, director of this gutless simulacrum, has made foolish attempts to relate the show to other, irrelevant, matters. *"June 1975!" cries a girl* under a spot. "Yorkshire man found battered to death in ditch!" You can imagine what indignation such a headline would cause among the New York kids facing service in the *Far East* (even if they were still facing it). The fact is that this production ignores the purpose of *Hair* and leaves us only the music and the dance.

Galt MacDermott's songs remain stimulating, though we've heard too many duplicates in the past seven years to be knocked out by them any more. The dancing (no choreographer credited) is only the ghost of Julie Arenal's invention as whipped into shape by David Toguri. The tribe looks as if they have found their own costumes, which are mostly out of period.

I suppose 90 per cent. of *Hair's* audiences in this country have *never known, or cared, what it* was about, but imagined it a kind of rock pantomime. Well, here is a rock pantomime for them, again, played with immense energy by a pretty and healthy bunch of young people. *It* won't do anyone any good: but it won't do anyone any harm either.

Battersea Park

Giselle

by CLEMENT CRISP

During its tours of the regions the Royal Ballet's other half provides matinées for schools which go under the general title of "Journey Through Ballet." The Touring Group is sharing the *season in Battersea Park,* and on Thursday afternoon we were invited to the Big Top to see Lesley Collier's London début as Giselle in just such a schools performance.

The first part of these programmes comprises an explanation of ballet technique, the whys and hows of getting the stage set, and it introduces the principal characters in the ballet later to be seen; thereafter, the young audience can sit back and see explanations put into practice. The compères for these occasions are either Peter Wright or John Auld, and on Thursday Mr. Wright gave a lucid talk which touched upon technique, mime (important in *Giselle),* and the mechanics of getting the ballet on stage. It was fine on all counts, and Petal Miller and Kim Reeder—two bright young soloists—were delightfully easy in their demonstration of steps. It says something for Mr. Wright's manner and the interest of the presentation that 1.30 p.m. did not seem too cruel an hour to start watching dancing, and the young audience were plainly enthralled.

An interval allows the children to lay in supplies of pop-corn and other lethal goodies, and we are back for *Giselle* which is performed in its entirety. The Albrecht was Desmond Kelly, who is now an exceptional interpreter of this vexed role. He makes a handsome, slightly arrogant *princeling in the first* act, but utterly sincere in his feelings for Giselle. He shows *how an unthinking* infatuation develops into love, and the nobility of his presence, his impeccable partnering and unaffected but very responsive dancing are admirably displayed in Act 2.

Lesley Collier, of course, interprets Giselle with the most heart-warming technical grace. *No hesitations in the fresh,* spring-like girl in Act 1, who dances for the sheer joy of living and loving. The mad-scene is strongly shaped—mouth agape with horror as the sword pierces her breast, hands out-spread in suffering. *It* is not a Romantic first act in its style, but it is entirely consistent. Even better the Wili sequence, for here the dancing pearls out with a supernatural ease and fluency, with beautiful extensions and light, easy jump. Rich in promise, *it* can mature into a note-worthy interpretation. The Touring Company were in excellent form, as too the orchestra under Colin Metters.

One problem alone remains *for these matinees in the tent:* the Royal Ballet will have to badger whatever authority is responsible for the local helicopter squadron, for at the moment the machines fly directly over the tent, and no mad-scene, no Wili-haunted glade, can entirely convince with their persistent clatter.

New London

Trockadero Gloxinia

by CLEMENT CRISP

I can see no point in the activities of the Trockadero Gloxinia troupe which opened at the New London Theatre last week. For anyone not yet in the know, this is a group of New York chaps who have been appearing for some years dressed up as ballerinas, but for what arcane purpose other than the weirdest self-gratification I cannot imagine.

Ballet, by its very traditions and its sometimes mandarin manner, demands to be mocked, but to do so effectively presupposes that the mocker knows something about what he's at—*not least in possessing technique* enough to make the joke sting by parodying with skill. But when the Gloxinia men come on stage they seem parodies of nothing so much as "drag" itself.

Made up for the most part as if they have been inexpertly embalmed, tackily costumed, *they* teeter and totter and look glumly determined. Their appearances are so grotesquely improbable that they offer nothing more than the broadest and most ham-fisted comment on the-ballerina-as-clothes-horse. Devoid of technical skill (for them ballet seems to amount to a pair of point shoes crammed on to their feet); they cannot essay anything more than the most rudimentary positions. Trapped in numbers having neither wit nor any appreciable point of *view, their performances* struck me as being the most dire I have seen in the theatre in very many years.

I found it insolent that Pavlova's dazzling *Dragonfly* solo should be reduced to the posturings of the principal dancer, Sobeschanskaya, and that Isadora Duncan should be shown as a barridan lumbering around the stage with an American flag (Francis Steegmuller's recent *Your Isadora* contains testimony to the magic of Duncan's dances). The evening is—by the clock—extremely short: *my own suspicion is that it* could pass as an interminable foretaste of hell.

OVERSEAS NEWS

Compromise possible in monetary talks

BY RUPERT CORNWELL

BASLE, June 8.

TOP OFFICIALS have begun here four days of international meetings which it is hoped will culminate with a compromise to settle a Franco-American dispute on outstanding issues of monetary reform.

To-day and to-morrow it is the turn of the Central Bank Governors in Basle for the annual meeting of the Bank for International Settlements—as much a social as a business occasion, and one attended by central bankers from the Third World and the Eastern bloc as well as from the industrialised countries.

On Monday afternoon the scene switches to Paris. After talks at the EEC level, informal discussions of the Big Five inner circle of financial powers (the U.S., Japan, France, the U.K. and Germany) are expected. The following morning the Group of Ten richest nations will hold a short meeting before the two-day session proper of the IMF's Interim Committee begins.

On both sides of the Atlantic confidence is growing that when this concludes on Wednesday evening a package deal will have been worked out to settle, on paper at least, some of the differences on gold, IMF quotas, and the legalisation of floating exchange rates.

Over the week-end compromise was already in the air in Paris. After reporting no progress only a few days earlier, the French Finance Minister M. Jean-Pierre Fourcade made it clear he is expecting agreement on the "normalisation" of gold's role in the system and on the re-allocation of IMF quotas.

An understanding on gold would open the way for the Fund's Development Committee, which meets on Thursday and Friday, to give the go-ahead for a soft loan facility for the poorer countries, where interest payments would be subsidised by the rich industrialised countries and the oil producers.

The answer to the fixed versus floating exchange rate argument is, however, unlikely to be anywhere near enough to satisfy France's new pressure for a return to "fixed but adjustable" rates. The solution reportedly is likely to consist merely of modifying the IMF articles to permit both.

N. York solution in view

BY JAY PALMER

NEW YORK, June 8.

A SOLUTION to New York City's cash shortage, in time to avert its imminent debt default and technical bankruptcy, now seems a virtual certainty. Despite continued differences of opinion City leaders and State officials have over the week-end settled several of the key obstacles blocking immediate adoption of Governor Hugh Carey's rescue plan.

It is now hoped that the remaining relatively minor stumbling blocks can be resolved to-day and that both the State and City legislatives will vote tomorrow to accept the Governor's scheme. This involves the immediate creation of a new State agency to assume the City's debilitating short-term debts. Problems had centred on the extent to which this agency would have power over city fiscal affairs.

The break-through yesterday amounted to a significant reversal by City leaders who earlier had been adamant in refusing to accept any compromise on the City's financial "home rule." Now they have accepted demands that the City's sales tax revenues be given directly to the new State agency to provide some backing for its longer-term bonds which will replace the City's present funding.

This volte-face by City leaders was clearly influenced by the City's narrow 11th-hour escape from bankruptcy at the end of last week. Only a massive infusion of cash, in the form of pre-paid and discounted 1976 property taxes from City corporations, enabled the City to meet payrolls and other expenses.

Compared to this outright abrogation of prime City revenues, the remaining problems of the agency's supervisor powers over City finances seem minor.

Northrop 'hired Dutch link-man'

By Paul Lewis

WASHINGTON, June 8.

THE NORTHOP Corporation was invited by senior members of the Dutch Government to appoint a special company "ambassador" to Holland, who could act as a secure communications link between the Government and the big American defence contractor.

The man suggested for the job "by several of the highest levels in the Dutch Government" was Mr. Johannes Gerritsen, who is described as coming from "a fine old Dutch family" and heading an organisation of former Dutch resistance fighters. He was employed by Northrop in this capacity between 1967 and 1974 at an annual salary of $10,000.

This is one of the fascinating glimpses into the secrecy and intrigue surrounding the international armaments business that emerges from the documents about Northrop's foreign sales efforts released over the week-end by the Senate Sub-committee on Multinational Corporations.

According to notes provided by Mr. Thomas Jones, the Chairman and President of Northrop, the Dutch Government insisted on the greatest secrecy in its dealings with foreign defence contractors. He says it was afraid that a request for information or a demonstration from one company would bring requests for equal treatment from rivals.

As a result it tried to avoid even written communications in "sensitive areas." Mr. Jones says that these areas might include visits by Northrop officials, as well as information about the company's activities in the U.S. which could affect its dealings in Holland, "such as the possible award of a supporting contract from the U.S. Government."

The documents reveal that Mr. Gerritsen was only one of a number of prominent Europeans with high-level contacts whom Northrop signed up as agents, in an effort to promote sales of its aircraft and other products. In France, it engaged General Paul Stehlin, while he was a deputy in the National Assembly and then one of its vice-presidents.

In Germany, the company employed Dr. Franz Bach, a former Ambassador to Iran and for a time a member of the Bundestag. Last year in Belgium, it signed up M. Antoine Leenaards, Chairman of the Crown Cork Company, to help sell the Cobra fighter project at a fee of $5,000 a month, paid to a numbered account at the Unifinance Corporation in Geneva.

Northrop also created a Swiss-based company known as E. D. C. through which it was able to remunerate some of those working for it in a discreet manner. The company received a commission on Northrop foreign sales and shares in the company were to be given to those who helped it.

Kenyatta mediates in 'new bid at Angolan unity'

BY JOHN WORRALL

NAIROBI, June 8.

WITH Angola on the edge of civil war, Kenya's veteran leader, President Jomo Kenyatta, is to make another attempt at mediation between the three rival leaders, Mr. Holden Roberto (FNLA), Dr. Agostino Neto (MPLA) and Dr. Jonas Savimbi (UNITA). If everything goes according to plans drawn up this week-end the three Angolan leaders will meet at a summit in either Nairobi or Mombasa probably next week-end with President Kenyatta in the chair.

The Kenyan Foreign Minister, Dr. Munyua Waiyaki, had talks in Nairobi last week with Dr. Savimbi, leader of the moderate Unita movement when the Kenyan mediation offer was put forward. Dr. Savimbi left this week-end for Kinshasa, Zaire, to consult with Mr. Holden Roberto, leader of the FNLA movement, on plans for the Kenya summit.

Dr. Waiyaki this week-end said all three leaders are in agreement on the meeting.

It was at an historic meeting at President Kenyatta's Mombasa State house in January that the rival Angolan leaders agreed on a common policy to take Angola to independence on November 11. They went on to Portugal to sign the Algarve accord for the withdrawal of Portugal from Angola.

Troop mutiny undermines AFM

LISBON, June 8.

HEAVY fighting in Angola and multiple political crises Sunday battered this country's left-wing military regime from all directions.

A government spokesman said 60 troops mutinied when they were ordered to Angola. The Socialists and the Catholic church threatened to withdraw their support from the government. Political sources said anti-government feelings in the north of Portugal and the Azores were rumbling near the point of renewed violence.

The socialists said they may decide within the next 24 hours to quit the coalition cabinet in protest over the continued closure of the newspaper Republica.

The Roman Catholic church said the occupation of its radio station by Communist workers could lead to a rupture between the church and state.

In the north, troops were needed to restore peace after a mob beat up the leading left-wing politician in Braganca in the second major anti-government outburst in that region.

In the capital, a government spokesman said 60 troops mutinied when they were ordered to board a plane flying reinforcements to Angola and were returned to their barracks under guard.

Reports reaching Lisbon said that fighting among the three liberation movements in that West African territory was spreading rapidly and that thousands of white Portuguese were clamoring to be evacuated.

Military sources said the ruling armed forces movement was considering the possibility of requisitioning the civilian passenger planes of the national airlines, TAP, to fly out the refugees.

(UPI)

In Luanda, Reuter reports that several hundred people have been killed in four days of fighting between rival Angolan liberation movements, Press reports said to-day.

A joint ceasefire order by military chiefs of the three groups appeared to be taking hold as shooting died away during the night and early this morning, but later there were renewed sounds of firing close to the city centre.

The Provincia de Angola newspapers said several hundred bodies of men, women and children were in Luanda city mortuary.

At Sao Paulo hospital, where three people were killed by mortar fire on Thursday, the mortuary was reported unable to cope with the number of dead.

Luanda's other main hospital, the Maria Pia, received 14 more bodies and 20 wounded yesterday, according to Provincia.

The fighting involved the Popular Movement for the Liberation of Angola (MPLA), the National Front for the Liberation of Angola (FNLA) and, for the first time, the National Union for the Total Independence of Angola (UNITA).

Local military chiefs of the movements, which share power with Portugal in Angola's transitional government, ordered a ceasefire on Friday evening.

This morning traffic in the area, which was under fire yesterday, was back to normal. The municipal market was closed, but bakeries were open and doing a big trade with long queues at each of them.

A correspondent touring the headquarters zones of the three movements saw surprisingly little damage, though a bus outside the FNLA headquarters had every window broken by bullets or stones.

Machine-guns, mortars, bazookas and grenades have been used during the latest round of fighting.

The MPLA and FNLA last night both issued lengthy, conciliatory communiques, while Unita published a short statement saying it had no quarrel with the MPLA.

The FNLA communique denied responsibility for the mortar attack on the university annexe of Sao Paulo hospital. The MPLA praised the dedication of the medical staff on duty at the hospital, calling them heroes.

Unita leader Dr. Jonas Savimbi was reported to have returned to the central Angolan plateau city of Nova Lisboa from visits to Nairobi and Lusaka. He has been preparing ground for the planned summit meeting between the three movements' leaders. There have been no fresh reports of violence in the interior of Angola or in the enclave of Cabinda.

Turkish Cypriots in state vote

NICOSIA, June 8.

TURKISH Cypriots went to the polls to-day to vote yes or no in a referendum on a proposed constitution for the federated state they proclaimed unilaterally last February.

The constitution provides for a President, Prime Minister and autonomous administration, and Turkish Cypriot leader Rauf Denktash, who has already been named first President of the state, has said the constitution could be amended to suit a joint federal government if and when Greeks and Turks reach a settlement on the issue.

Malcolm Rutherford writes: The Vienna talks on the future of Cyprus will be resumed on July 24. The new date was one of the few areas of agreement between the two sides in the second round of the talks which ended on Saturday.

Mr. Glafkos Clerides, the Greek Cypriot leader, said, however, that he was prepared to consider a Turkish Cypriot proposal for a joint transitional government without necessarily waiting for the Turks to say how much territory they wish to keep.

Senate arms budget vote boost for President Ford

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 8.

PRESIDENT Ford won another significant victory in his campaign to preserve a credible American foreign policy this week-end, when the Senate overwhelmingly voted down an attempt to cut Pentagon spending on new arms development.

By a vote of 77 to 6 late on Friday night, the upper house defeated a liberal attack on the Pentagon's $25bn. budget for weapons procurement and research—which includes funding for such controversial programmes as the new B-1 strategic bomber and the development of more powerful and accurate nuclear missiles.

The bill must be reconciled in a conference committee with the $26.1bn. version approved earlier by the House of Representatives. But it is already clear that the administration has secured most of the funding it wanted for the more controversial portions of its "bare-bones" defence budget.

This can only be regarded as a considerable political victory for President Ford in his tussle with the Congress over foreign policy and as further evidence of the legislature's desire to show the rest of the world that defeat in Vietnam has not sapped America's strength or reliability as a military ally.

The B-1 bomber programme and the Pentagon's plans to build a new generation of more powerful and accurate nuclear war heads had been under special attack by liberal Senators, who regarded both as unwarranted and a dangerous escalation of the arms race.

However, in the end, their only victory was a restriction on flight testing the new super-accurate war head (or "Mary" as it is called) unless the President certifies that it is necessary for the national security—and even this may not survive the conference committee.

Senate passage of the Administration's weapons budget came only a couple of days after President Ford secured another political victory, when Congress failed to override his decision to veto a $5.3bn. public works programme to help reduce unemployment. Moreover, only a week earlier the President had also gone ahead with the second dollar of his no less controversial import tax on oil, after Congress failed yet again to agree on an energy saving programme of its own.

Taken together, all these successes for the Administration in its dealings with a notoriously difficult legislature have greatly improved White House morale and are prompting commentators here towards two tentative conclusions. The first is that the large and aggressive democratic majority in Congress has now failed in its original plan to develop and enact its own legislative programme, regardless of the President's views.

The second is that the President himself is now gradually starting to acquire some of the traditional leadership and authority he has so manifestly lacked.

New Mid-east peace bid 'agreed'

BY IHSAN HIJAZI

BEIRUT, June 8.

AN UNDERSTANDING on a new step-by-step settlement of the Middle East conflict was worked out at the summit meeting in Salzburg last week between U.S. President, Gerald Ford, and Egyptian President, Anwar Sadat, according to Arab diplomatic sources quoted in the Press here.

President Sadat, the sources said, agreed to give President Ford three months to bring about an interim settlement between Egypt and Israel in Sinai, and a partial settlement between Syria and Israel in the Golan Heights.

The next step would be to reconvene the Geneva conference as a formality and only to bring the parties concerned together to air their views. The conference sessions would be held off and on but with no practical results because during that time the U.S. would be preoccupied with the Presidential elections. President Sadat was reported to have promised to keep the peace in the Middle East during this period.

Although President Ford has stipulated that he needed to obtain Israeli approval of the understanding when he met this week in Washington with Israeli Premier Yitzhak Rabin, he promised to exercise all U.S. influence to get the Israelis to go along with the new plan, the same sources said.

Observers however said Mr. Sadat's understanding with President Ford is already running into strong Libyan and commando opposition. Leaders of radical guerilla organisations are currently in Libya taking part in Col. Muammar Khedafi's new campaign which accuses Sadat of agreeing secretly to recognise Israel and allow Israeli shipping in the Suez Canal.

Reuter adds from Jerusalem: The Cabinet met to-day to decide whether Israel could afford further concessions to Egypt for an interim peace settlement. Prime Minister Yitzhak Rabin presided over the key session before his trip to Washington for talks with President Ford on Tuesday.

Mr. Rabin was expected to come under pressure in Washington to soften Israel's terms for a further accord with Egypt to follow up last year's disengagement agreement.

China warns against Soviet 'tiger'

BY A SPECIAL CORRESPONDENT

PEKING, June 8.

CHINA has issued a clear warning to both Australia and the Philippines that the weakening of American influence in Asia may lead to an attempt by Russia to expand its power in the region. In a speech at the great hall of the people last night Senior Vice-Premier Teng Siao Ping said that countries in the region should guard against "letting the tiger in through the back door while repelling the wolf through the front gate."

China seems to be using the present visits by the Australian Foreign Minister Senator Willesee and the President of the Philippines President Marcos to emphasise its worries about what it believes to be Russian attempts to seek hegemony in the area. The general Chinese message appears to be that it is better to live with some kind of American military presence in the Asian region than to let the "tiger", that is the Soviet Union, through the back door. China's Foreign Minister Chiao Kuan Hua began to develop this theme in his welcoming speech to Senator Willesee on Friday night at a Great Hall banquet.

Mr. Chiao said the Soviet Union, taking advantage of the "weakening and strategic passivity of the other superpower" was sending its naval forces to the Pacific and Indian oceans. The Soviet Union "tries hard to squeeze into this region for the sole purpose of dominating the people here and carrying out expansion in its contention with the other superpower for world hegemony" Mr. Chiao said. His speech has a clear message that it would be useful to Australia and China to present a united front against any attempt by the Russians to build up their naval forces in the Indian and Pacific oceans. The message that American withdrawal from the region would inevitably lead to Soviet power filling the vacuum was re-emphasised by Teng Hsiao Ping in his banquet speech welcoming President Marcos. The warning to the Philippines is even more pointed as President Marcos has made it perfectly clear his country intends to rethink its commitments to the U.S. Security arrangements with America have been under increasing criticism in the Philippines. The Australian Foreign Minister, Senator Willesee, is now in the third day of his China visit.

To-day's talks between Senator Willesee and Chiao Kuan Hua centred on bilateral questions and nuclear proliferation and disarmament. A possible consular agreement and a formal agreement on immigration of Chinese to Australia for family reunions were also mooted. Senator Willesee today reiterated to Chiao Kuan Hua Australia's opposition to the proliferation of nuclear weapons and to atomic testing particularly in the atmosphere. Apart from adding weight to previous protests by Mr. Whitlam and Dr. Cairns this statement of Australia's position is unlikely to influence China.

Mr. Whitlam said over the week-end he thought France had exploded an underground device on Fangataufa atoll in the South Pacific last week.

President Ferdinand Marcos, in his speech, said last night that he believed China to be the natural leader of the Third World. President Marcos was also speaking at a banquet at the Great Hall of the People at the start of his official visit to China. It is expected that during the visit diplomatic accords will be signed between the Philippines and China this will make the Philippines the second of the Asean countries to recognise China. The first was Malaysia.

Peking is turning on its most colourful welcoming ceremonies for President Marcos and his wife. Yesterday they met Chairman Mao Tse Tung in the afternoon and after last night's banquet Premier Chou en Lai received them in the hospital where he now permanently lives. (Sydney Morning Herald.)

PRG TALKS OF UNITED VIETNAM

SAIGON, June 8.

THE LEADER of South Vietnam's Provisional Revolutionary Government (PRG) has said he is confident it will be able to build a peaceful, united and prosperous Vietnam within a relatively short historical period.

Huynh Tan Phat was speaking on Friday at a reception in the Presidential palace here marking the sixth anniversary of the PRG being formed in South Vietnam.

But Chairman Phat said there were heavy consequences from 20 years of fighting—"an economy geared to war, parasitical life and artificial prosperity, a depraved culture."

Lieutenant-General Tran Van Tra, head of the committee, told Reuter correspondents they would have to wait for a few days before travelling outside the city as security in the greater Saigon areas was not yet assured fully. "If it were," he added, "I would not be here."

Christina Onassis is major inheritor

By Our Own Correspondent

ATHENS, June 8.

GREEK SHIPPING magnate Aristotle Onassis named his 24-year-old daughter Christina as his principal heir in his will.

Mr. Onassis, who died at 69 in a Paris clinic last March, wrote his will on January 3, 1974 on a six-hour flight from Acapulco, Mexico, to New York. His hand-written 14-clause will, a copy of which was made available to the Financial Times, spells out over 18 pages the intricate mechanism under which his vast fortune, unofficially estimated at between $800m. and $1bn. will be administered.

Although he does not mention a figure for his estate, Mr. Onassis says that half of it should go towards financing a foundation to be set up in Vaduz, Lichtenstein, which will carry out welfare activities, mostly in Greece. The foundation to be called The Alexander Onassis Foundation, will be dedicated to his only son who was killed in a plane crash at the age of 24.

Under the will, Miss Christina Onassis inherits all the shares of the companies Victory Carriers and Victory Developments of New York, 25 per cent. of which belong to the Panamanian company Ariona, wholly owned by Mr. Onassis, and 75 per cent. to a trust the magnate set up for his children in the early fifties.

She also inherits 450 of the 1,000 shares of a new company to be set up and which will have a 95 per cent. share in a second new company under which all the shipping and other business enterprises of Mr. Onassis will now come.

Olympic

Mr. Onassis also left his daughter 61 per cent. of his 80 per cent. share in Olympic Airways, Greece's national air carrier which the magnate sold to the State shortly before his death. Well informed sources said the final sum agreed to by the State for Olympic Airways is $68.5m., one-quarter of which will be paid in cash and the rest in three yearly instalments.

Miss Onassis also inherits all the family's jewelry and will receive an annual life income of $250,000. If she marries her husband will receive an annual income of $50,000.

In his will Mr. Onassis says that his wife Jacqueline forfeited all her legal rights to his estate by signing a private pre-marital contract in New York in exchange for an annual allowance of $250,000 which she will receive for the rest of her life. This includes $25,000 for her two children by the late U.S. President John Kennedy. When the children, John jnr. and Caroline, reach the age of 21 the total $250,000 will go to Jackie.

The will also stipulates that Onassis' private islet of Scorpios in the Ionian sea and his 325-foot luxury yacht Christina go to his daughter and widow with shares of 75 per cent. and 25 per cent. respectively. If they do not want the yacht or are unable to upkeep it, it will be given to the State for use by the head of the Greek State.

It stipulates that Onassis' three sisters will each receive $60,000 annually for life. Large sums are also left to other close relatives, business associates and staff.

Mr. Onassis expresses the wish that an institute, on the Swedish Nobel model, be set up to give prizes for the promotion of medical, educational and scientific achievements.

Should Mrs. Jacqueline Onassis choose to challenge the validity of the pre-marital contract and seek her legal share of her husband's estate, Mr. Onassis instructs the committee which will carry out his will to fight her in the courts. Should she achieve a court decision entitling her to her legal share of his estate, he says this should not exceed one-eighth of the estate.

CHILE'S DEBTS

CHILE's 1975 debts to Britain amount to £14m. not £154m. as mentioned in the Financial Times of June 7.

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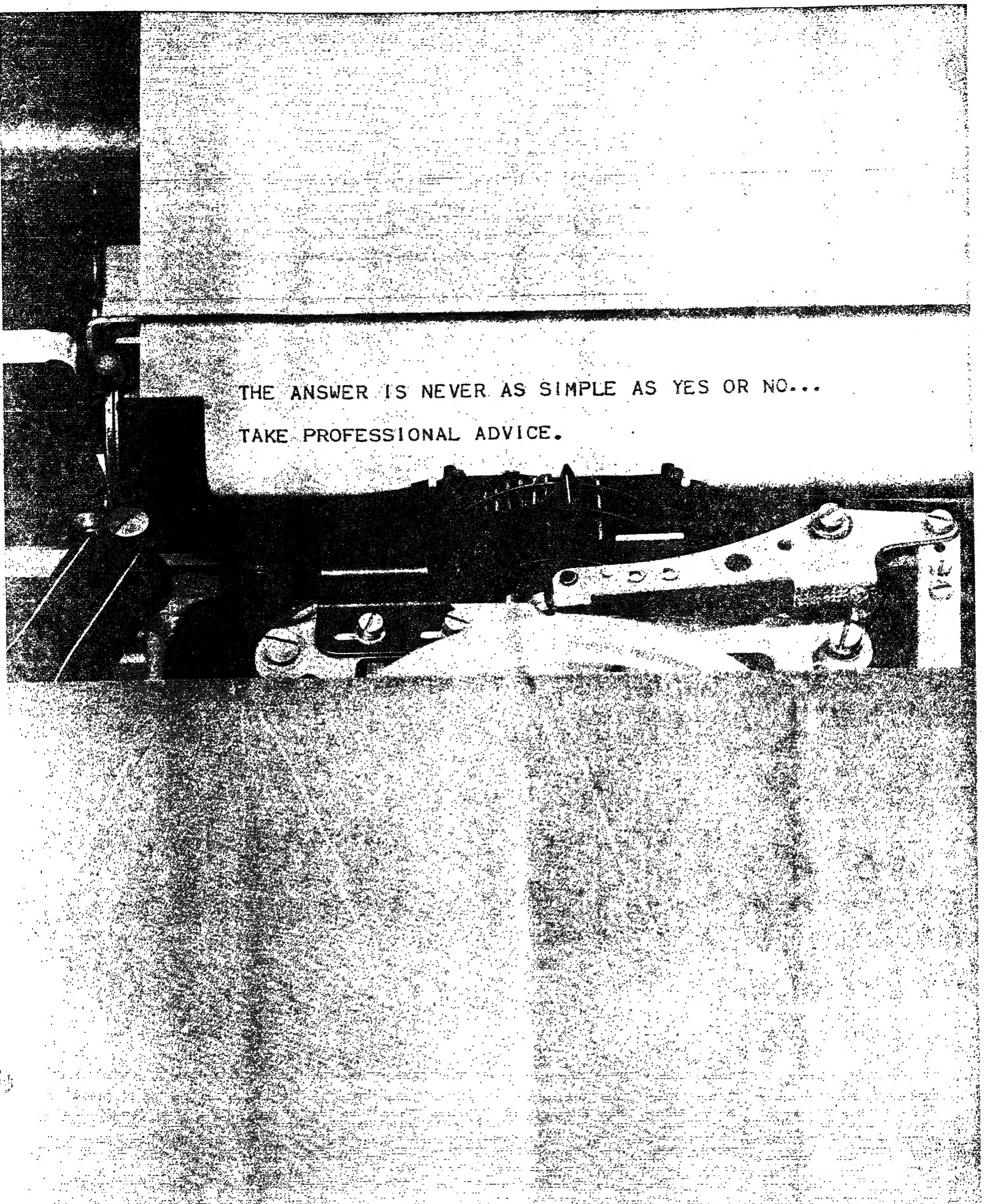


LABOUR NEWS

AUEW militants will seek to reject social contract

BY JOHN WYLES, LABOUR REPORTER

A MOVE to commit Britain's second largest union into opposing "the concept of the social contract" will be spearheaded by leaders of the Amalgamated Union of Engineering Workers' white-collar section at the union's annual conference next week.

Coming when the Government and the TUC are giving detailed thought to the future of pay guidelines, this challenge would, if successful, embarrass efforts to revamp the social contract for the TUC annual congress in September.

It would also create difficulties for Mr. Hugh Scanlon, the AUEW president, who, as a senior member of the TUC's economic committee, is involved in many of the current discussions.

The challenge to the guidelines has been tabled by the national executive of the AUEW's Technical and Supervisory Section whose Communist general secretary, Mr. Ken Gill, sits on the TUC general council.

Wage restraint

Mr. Gill enabled last year's TU Congress to appear united on the guidelines by withdrawing, under pressure from Mr. Scanlon, a hostile motion tabled by the AUEW. At the time this move brought sharp criticism from AUEW Left-wingers and from the Communist Party.

Because there is a Left-wing majority among the 69 delegates at the AUEW conference, the TASS motion has a good chance of success next week. It urges the union to refute the "false proposition" that wage rises are a direct cause of inflation and related problems of British industry. It calls on the union to continue campaigning against "any form of wage restraint and the concept of the social contract."

AUEW delegates will also provide next week one of the first tests of union conference reaction to the EEC referendum decision. Resolutions calling for Britain's withdrawal were tabled months ago and may now be withdrawn but one motion which could well be debated urges the AUEW to boycott all EEC institutions.

U.K. unions likely to play full role on EEC committees

BY JOHN ELLIOTT, LABOUR EDITOR

BRITISH TRADE UNIONS are likely to be fully represented in Brussels on key Common Market committees by October, when U.K. union leaders and the EEC Commission return fully to work at the end of the holiday and union conference season.

This informal target date is likely to be adopted by the TUC, whose International Committee will map out early next month the new responsibilities to be shouldered by U.K. unions.

The TUC's headquarters staff will start reviewing this week the extra work load they will have, and individual unions will examine how much they need to become involved in EEC affairs.

This activity, following the unions' abandonment of their boycott of the EEC as announced by Mr. Len Murray, TUC general secretary, on Friday when the referendum result became known, will be widely welcomed by unions in other EEC countries.

It is not yet clear whether the TUC will decide to set up a branch office in Brussels, as the CBI has done, or whether it will rely on the headquarters of the European Trade Union Confederation (ETUC) there.

Leading the U.K. unions' representatives in Brussels will be Mr. Murray and Mr. Jack Jones of the Transport Workers, who is chairman of the TUC International Committee. They are both on the governing Board of the ETUC, of which the U.K. was a founding member, and which covers countries both within and outside the EEC.

The first main committee on which the TUC will be represented will be the EEC's Economic and Social Committee whose job is to advise the Commission. It consists of unions, employers and other sectional interests such as farmers. Here the TUC's eight seats have been left empty since the U.K. joined the Common Market.

One problem may be that as the committee meets for a total of 30 days a year there is not much scope for absenteeism, because the committee members have to be present to take part in votes on its policy recommendations.

Until now employers have gained in the voting because of the TUC's empty seats, so the presence of the TUC will strengthen the unions' voice on the committee.

EEC unions, however, have become increasingly disenchanted with the limited effectiveness of the committee in recent years, and may now look to the U.K. unions, through the ETUC, to demand some reforms.

The TUC will also take up its seats on the EEC's Standing Committee on Employment, where unions meet employers and Ministers, as well as on other EEC committees covering subjects such as the European Social Fund, the free movement of labour and vocational training.

For individual unions there will be representation through the ETUC on about a dozen Commission sub-committees dealing with individual industry matters, as well as on about six industrial committees of the ETUC itself. European trade union groupings have also been set up in recent years for individual industries such as engineering, transport and food. Another is shortly to be created for chemicals.

NALGO chiefs back strike ballot call

Financial Times Reporter

LEADERS OF Britain's fourth biggest union, the National and Local Government Officer's Association, gave a unanimous go-ahead yesterday for a strike ballot, if necessary, of their 400,000 members in town halls, local council offices and county headquarters throughout the country.

The decision was taken by NALGO's executive which met on the eve of the association's annual conference in Blackpool where nearly 2,000 discontented delegates meet to-day. They want to force through a salary claim matching the highest manual workers' agreements in the present round of pay settlements.

The association, which has 560,000 members and claims to be the biggest white-collar union in the world, has members in gas, electricity, water, health and New Towns who are in the middle of pay negotiations, but the key claim is in local government.

Negotiations

The main conference begins to-morrow, but at group meetings to-day the delegates will have reports on the latest stage in their pay negotiations. They will consider what form of industrial action to take if they do not get satisfaction from the employers at resumed negotiations on June 16.

If the delegates follow their leader's advice this week they will back a plan for a ballot on threatened strikes that will begin with a national one-day protest stoppage, followed by selective strikes on an increasing scale.

The local government employers, whose attitude is likely to influence the employers in the other sectors, have offered a rise of 21.7 per cent. to cover the rise in the cost of living and keep within the social contract, but the union is demanding an increase of £10 a week plus 15 per cent.

● Teachers' leaders are to tell Mr. Reg Prentice, Education Secretary, that the size of school classes should be cut to stave off teacher unemployment.

A deputation from the National Union of Teachers, led by Mr. Fred Jarvis, general secretary, is to urge him next Monday to indicate to local education authorities that the time has come to start reducing classes to a maximum of 30, and that all extra teachers available should be used for this.

Ambulance men work on emergencies only

BY OUR LABOUR REPORTER

AMBULANCE OFFICERS in Hampshire, Dorset and the Isle of Wight last night imposed an emergency only service in protest at proposals for a new national pay structure.

This is one of the first outbreaks of unofficial action by the 3,000 officers covered by the proposals and follows the threat of strike action by officers in Scotland and London. The Scottish stoppage is due to start on Tuesday and stems from complaints that the new national proposals will yield virtually no salary increases in Scotland.

Officers' pay currently varies from one local authority to another and the new structure is designed to introduce truly national rates following the reorganisation of the Health Service. But the proposals tabled by the employers yield different increases for the officers because of local variations.

The main effects of the officers' action in the South of England will be to halt the normal transporting of hospital outpatients to clinics for treatment. The 120 men involved say they will continue to handle emergency calls and other "urgent" cases.

Arbitration in Barclays dispute

By Our Labour Reporter

A PAY dispute involving 5,000 staff employed by Barclays Bank International has been referred to arbitration following rejection of a 22.5 per cent. pay offer by the National Union of Bank Employees.

The offer is in line with the pace-making settlement reached for 180,000 staff in the five major clearing banks last month. NUBE's opposition to this offer was out-voted by the bank staff associations but elsewhere the union is pressing a general claim of about 26 per cent. in other banking negotiations.

The move to arbitration at Barclays International stems from a procedure agreement between the employers and the union. The arbitration machinery will be organised by the two sides over the next fortnight and will not be part of any possible Advisory Conciliation and Arbitration Service provisions.

NUBE claims that acceptance of a 22.5 per cent. offer would mean a cut in living standards since price increases would be rising at around 26 per cent. by the time the agreement was implemented next month. On the same grounds the union rejected last week a similar offer to 20,000 messengers and engineers employed by the English clearing banks.

HOME NEWS

Foreign fish 'could add £100m. to import bill'

BY PETER BULLEN

AN EXTRA £100m. could be added to Britain's imports next year through increased expenditure on foreign fish, the British Trawlers' Federation will warn the Government on Wednesday.

A total of 76 deep-sea trawlers have gone out of service since the beginning of 1974—41 in the past five months alone. It will cost Britain an extra £100m. to make up for an estimated 75,000 tons of lost catching capacity of cod, haddock and similar fish, according to the Trawlers' Federation.

"If trawlers continue to go at the present rate this annual loss could rise to about 130,000 tons, or around 21 per cent. of last year's U.K. production, on deep sea vessels alone without taking account of smaller vessels which are just as badly hit by the industry's economic crisis," the Federation warned yesterday.

Imports to replace this lost capacity would be mainly frozen and filleted fish which would hit U.K. shore-based processing industries and call for additional imports to make up the loss in home-produced fishmeal.

With eight deep-sea trawlers going out of service each month, a new threat to employment is arising, leaders of the industry will warn. They are pressing for an extension of the temporary £6.25m. Government aid, in the form of a daily operating subsidy, which is due to end this month.

Companies which operate out of one or more ports may soon find it pays them to concentrate on fewer ports. As port overheads will then have to be spread over fewer vessels, the pressure will be on other owners to follow suit and some of the smaller ports will be in danger of ceasing to operate as trawler ports, the Federation stated.

The present Government aid had slowed the decline in the industry but there had been no improvement in the market, nor was any likely in the foreseeable future.

"Quayside prices remain depressed, world-wide frozen fish stocks are still high and imports continue to flood into the U.K. at hopelessly uneconomic prices while the U.K. fishing fleets' costs go on rising in step with the economy. With the main importer, Norway, reputed to be subsidising her fishing industry at the rate of £45m. a year, the British industry sees no hope of the import declining in volume or increasing in price," said the Federation.

Guest Keen and Nettlefolds in £200,000 Dutch plant expansion

BY MICHAEL CASSELL

WITH AN IMPRESSIVE sense of occasion, Guest Keen and Nettlefolds has announced a £200,000 expansion in Holland.

As the results of the company's latest investments were being shown on Friday to businessmen and local officials in Mijdrecht near Amsterdam, the first news of the referendum began to filter through and the celebrations took on a wider significance.

Details of the first votes from the Scilly Isles brought spontaneous applause from an audience brought together principally to hear about expansion of warehousing facilities for Euro-nuts and bolts.

At one stage, as the discussions among the shelves of high-tensile bolts and self-tapping screws centred on the chances of a 2-1 or 3-1 Yes vote, GKN appeared to be in some danger of failing to impress upon its guests what the company, rather than the British electorate, was up to.

Metrication

The £200,000 expansion of its wholly-owned Dutch operation, Pimentel-Granaat—the second largest distributor of industrial fasteners in Holland—is in the event, relatively small beer for an organisation which this year intends to spend £67m. on capital projects, of which £8m. will be invested in Europe.

The development could, however, lead to a substantial shake-up in the world of nuts and bolts, not on the Continent but in the U.K. Since GKN originally bought Pimentel in 1972 the company has pushed up turnover from £1.4m. to £2.5m. and sales worth £½m. a year have been made to the U.K. market, which may now wish to feel European but still has a long way to go before coping with such pre-requisites as metrication.

As a result of the expansion unveiled on Friday, the level of exports from Holland to the U.K. is now expected to double within the next 18 months.

Mr. E. B. M. Grubb, chairman of GKN fastener and hardware distributors, is also planning a major change in marketing strategy. Until now, the Dutch subsidiary has been used exclusively to supply GKN operations in the U.K., but the company's own competitors in this specialised wholesaling market will shortly be able to buy supplies from Holland on exactly the same terms.

Mr. Grubb is confident that the scene is set for a substantial expansion of metric fastener imports into this country from one of his group's overseas-based operations. Withdrawal from the EEC, he says, would have made economic nonsense of such a proposition.

In this venture it is a British-controlled Continental company which will benefit from higher penetration in the U.K. But, as Mr. Grubb points out, the European celebrations over last Thursday's decision cannot last long. He is well aware that sentiment will soon play second fiddle in the fight for sales.

£440,000 bridge repair order

Financial Times Reporter

IMMEDIATE repairs costing more than £440,000 have been ordered on suspect bridge joints on the M5 and M6 motorways in the West Midlands. The trouble on the bridges has persisted since 1970 and affects about 12 miles of motorway. Some 3,000 bridge joints are involved and the number which have been failing has increased recently.

Mr. Stuart Mustow, surveyor of the West Midlands County Council, has discovered that a "significant number" of the bridge joints have failed or are in the process of failing. The repairs, due to start this month, will cause delays throughout the year on the West Bromwich and Oldbury areas of the M5 and the Bescot area of the M6.

No early takeover of shipping and aerospace

By Michael Donne, Aerospace Correspondent

THE GOVERNMENT'S Bill to nationalise the aerospace and shipbuilding industries now seems likely to be squeezed out of this session of Parliament, owing to pressures of other business.

While it is unlikely to be dropped entirely, since nationalisation of the two industries was firmly written into the Labour Party's last election manifesto, it is becoming clear that the time available for it is shrinking rapidly, especially with the Industry Bill itself still not completed.

Members of the Conservative Party's parliamentary aviation committee, who have been planning a major assault on the Bill in its Second Reading and committee stages, are convinced that even if introduced, it could not become law this session.

In the absence of any official comment on the progress of the nationalisation Bill, leaders of the aerospace industry can only speculate on the possibilities of deferment, which they say would give them more time to marshal their opposition to it, while at the same time enabling them to bring pressure on the Government for improved compensation terms.

Practical terms

The prospects of a Government reshuffle, following the Common Market referendum result, have encouraged some in the industry to believe that if Mr. Wedgwood Benn were transferred from the Department of Industry, it might be possible to have a more meaningful discussion with the Department on the whole nationalisation issue.

Many senior representatives of the industry complain at what they describe as the almost total lack of consultation on the Bill, and lack of contact with Mr. Benn in recent weeks, especially during the referendum campaign.

The only recent clue to the Government's intention was the comment by Lord Beswick, Minister of State for Aerospace, at the Paris Air Show a week ago that it was still intended to bring the Bill in this session.

In practical terms, however, with only six weeks to go before the summer recess giving little more than 30 working days, it is thought that the Government will not risk launching the Bill on its Second Reading just yet.

HOME NEWS

Prentice urges moderates to fight more vigorously

BY JOHN HUNT

A CALL for moderates in the Labour Party to fight more vigorously for their beliefs was made yesterday by Mr. Reg Prentice, the Education Secretary, who was strongly criticised by Left-wingers during the referendum campaign when he appealed for the Government and Opposition to work more closely together to solve Britain's economic problems.

He called yesterday for an end to "traditional forms of party dog-fighting" and to political battles which were merely concerned with scoring points.

However, he made it clear that he was not calling for a coalition. Although he wanted Labour and Tory moderates to "fight their corner," they should do so, he said, within the confines of their own parties.

Any coalition euphoria that might have survived the referendum campaign also received a severe douche of cold water yesterday from Mrs. Margaret Thatcher, the Conservative Leader. She had only caustic remarks for the moderates in the Labour Party and strongly indicated that the policies they supported did not look very moderate to her.

Mr. Prentice, one of the leading Right-wingers in the Labour Party, speaking on BBC's The World This Week-end, said that he was not suggesting the formation of a new social democratic party.

"What is required is that within the Labour Party moderate people, social democratic people, should fight harder than they have done in the past. The more moderate elements in the Conservative Party have to fight their corner too."

He was happy to be counted in some ways with Sir Geoffrey Howe, the Tory "shadow" Chancellor, who sent an open letter to him at the week-end claiming that he and others in the Labour Party had not matched the words of Mr. Prentice's speech the previous Sunday. On that occasion Mr. Prentice called for national unity, and stressed the need for politicians of all parties to co-operate.

Mr. Prentice said yesterday that he agreed with Sir Geoffrey 100 per cent. on the urgent need to tackle the economic crisis and to deal with inflation.

But he did not agree with his specific policy proposals and thought that he was merely urging the Labour Government to adopt Conservative policies.

Democratic

Moderation, said Mr. Prentice, lay in policies that carried the widest possible measure of agreement—social democratic policies, not extreme Conservatism or socialism.

Mrs. Thatcher, commenting on the possibility of greater co-operation on policies, said that the people on the Right wing of the Labour Party might be moderate in word, but in deed they had supported the Clay Cross rebels.

They had been just as active as the Labour extremists in their views over the freedom of the Press and the closed shop. They had also supported the National Enterprise Board.

In his letter Sir Geoffrey Howe observed that Mr. Prentice's "co-operation" speech of the previous Sunday had made an important contribution to the debate about the shape of British politics after the referendum.

He speculated on what would follow from that, and went on to suggest a number of solutions.

Any "dreams of social or political revolution must be set aside," as "irreversible shifts of power" were not justified in the midst of Britain's current economic difficulties.

The conquest of inflation must be made the overriding priority and this was bound to be accompanied by rising unemployment, said Sir Geoffrey. The longer one waited, the greater and more prolonged the unemployment would be.

The Government must curb its own and the nation's borrowing abroad, and more of the nation's resources should be devoted to exports and inestments. This meant that living standards must on average, fall.

Sir Geoffrey advocated cuts in public expenditure, and suggested that a start be made by reducing the £2,000m. being spent this year on council rent subsidies and subsidies for food and nationalised industry prices.

The social contract must be replaced and the plans to nationalise North Sea oil, docks, aircraft, shipbuilding and land must be abandoned.

On Mr. Prentice's own front, education, the plans to eliminate the direct grant and other grammer schools should be scrapped.

Mechanical handling's low export level

FINANCIAL TIMES REPORTER

A POOR export performance, a substantial rise in stock values and little new investment in fixed assets are three of the findings of a new survey of 90 major British mechanical handling companies prepared by the Financial Analysis Group of Winnersh, Berkshire.

The survey concludes that there is little foreign investment in the industry, that five companies alone hold nearly half the market and that the industry will need to increase its external borrowings to invest in new fixed assets, rather than generating sufficient funds for expansion from retained profits.

The industry's export performances, claims the survey, is poor at only 18.3 per cent. of total sales, and while the average wage per employee in 1974 jumped from £1,617 in 1973 to £1,882, sales per employee had failed to keep pace.

On the positive side, however, states the survey, the average current return on capital, at 17.4 per cent., is "fair," as are average sales margins of 7.3 per cent. Looking ahead, the survey projects that the mechanical handling sector will be producing "excellent" profit levels again in 1977 and 1978 following a very sharp drop during 1975-76.

Of the 90 companies examined individually, the BBA Group is the largest with sales of £54.1m. The company with the best return on capital (latest year filed) is shown as Evans Lifts (the Harris and Sheldon subsidiary, with 109.9 per cent. and sales margins of 19.9 per cent.

The survey includes computer-compiled league tables covering many balance sheet and profit items.

Available from the Financial Analysis Group, King Street Lane, Winnersh, Berks. (136 pages, price £50).

TriStar dispute meeting sought

FRESH EFFORTS will be made this week to settled the pay dispute threatening the operations of British Airways' six Tri-Star jets, which have been "blacked" by maintenance men in support of demands for special working payments.

Management and union officials will try to arrange a meeting to discuss the problem in the wake of the rejection by a mass meeting on Friday of an offer of a £2 a week "flexibility" payment.

A shop steward leader warned on Saturday that the issue could lead to a crippling air strike to coincide with the rail strike on June 23. Despite the blacking, TriStar operations are continuing to run normally.

Land price decline confirmed

By Peter Bullen

THE CONTINUING decline in the value of farm land since the record levels reached in 1973 was demonstrated yesterday by the Country Landowners' Association's latest quarterly survey.

For the three months to the end of April, the average price for land sold with vacant possession was £545 an acre—£234, or 30 per cent., less than in the corresponding period in 1974.

Tenanted land showed an even bigger reduction of 54 per cent., or £275, over the year, from £508 to £233 an acre.

Average price per acre for vacant possession land:

April 1974	July 1974	Oct. 1974	Jan. 1975	April 1975
£779	£671	£598	£548	£545
For tenanted land:				
£508	N/A	£509	£318	£233

Institutions, as opposed to private individuals or family trusts, bought 9 per cent. of the land, the same percentage as in the comparable period last year.

The latest figures are based on an analysis of 138 sales involving 12,400 acres of vacant possession land (8,500 acres a year ago) and 3,215 acres (9,000) subject to tenancy. Over the year as a whole the CLA has analysed 578 sales involving over 57,000 acres of land.

The CLA also announced that its Suffolk branch has sent a petition to the Prime Minister warning that Government policies have caused a collapse of confidence in agriculture which is sapping farmers' determination to maximise food production and must lead to a loss of efficiency, output and jobs.

Appealing for "real incentives to boost production" the Suffolk farmers described themselves as "the guardians of the land producing this food which your policies are now smothering with the accumulative burdens of capital gains tax, capital transfer tax, wealth tax, Community Land Bill, Employment Protection Bill and doubts arising from the bitter and unnecessary referendum debates."

NMW EXTENDS SYSTEM TO SCOTLAND

NMW Computers of Manchester has extended its stockbroking and stockjobbing settlement system to Scotland. Twenty-six Scottish brokers and jobbers will be joining the 70 Northern and Midland & Western users now on the system. This means that more than one-third of all brokers and jobbers in the Stock Exchange will be using NMW's Settlement System.

'Low pay of managers hits efficiency'

LOW SALARY of U.K. managers compared with their international competitors could be one of the reasons why this country's economic performance has deteriorated in recent years. The British Institute of Management makes this comment in further evidence to the Royal Commission on the Distribution of Income and Wealth published to-day.

The BIM has submitted a 30-page memorandum supplementing its earlier evidence on the commission's reference to investigate salaries of over £10,000-a-year. It draws together the results of its 1975 National Management Salary Survey and discussions at its one-day conference on the subject.

The submission concludes:

- Heavy progressive taxation at the higher levels is unfair and a disincentive to the wealth-producing manager, on whom his country depends for its economic recovery.
- There is convincing evidence of the U.K. manager's low remuneration compared with his international competitors. This could be one of the reasons why the U.K.'s economic performance has deteriorated in recent years.
- Over the last ten years managers' differentials (both gross and net) have been eroded.

£60,000 urged for 'top' people

THE COUNTRY'S "Top" men and women need to be paid up to £60,000 a year—if they are to do their jobs properly, says Dr. Peter Davison, a Fife regional councillor, who has carried out a survey on earnings. He is to give evidence on his findings to the Royal Commission on the Distribution of Income and Wealth.

He told a meeting of the national council for the self-employed in Montrose: "The person at the top of any substantial organisation, be it industry, Government or university, to do his job properly, should never be completely separate from work.

"These people are expected to work very long hours—but they cannot do this if they have to repair their cars, work out their travel plans, or repair the roof. Therefore they have to be able to afford to pay others."

Plea to aid alcoholics

FINANCIAL TIMES REPORTER

BRITISH BUSINESS and industry should adopt a policy towards alcoholism among employees on the lines of existing company policies for dealing with fire, security and accident prevention, says a report published to-day.

For two decades, claims the annual report of the Avon Council on Alcoholism, managements had paid only lip service to the problems of an illness that could affect 6 per cent. of the total workforce.

"We do not yet know of one English-owned company that has a written and published policy and programme for dealing with the alcoholic employee," the report says. "For years, British companies have passed the buck by saying there were insufficient treatment facilities and agencies to whom they could refer.

"This is no longer true. There are many agencies who have qualified, experienced staff willing to co-operate with management in advising, devising suitable policies and programmes for industry and providing treatment facilities."

The council states that it finds it surprising that the trade unions, "who are usually in the van when protecting the social and healthy functioning of employees, have failed to confront management with the issues at stake in this problem."

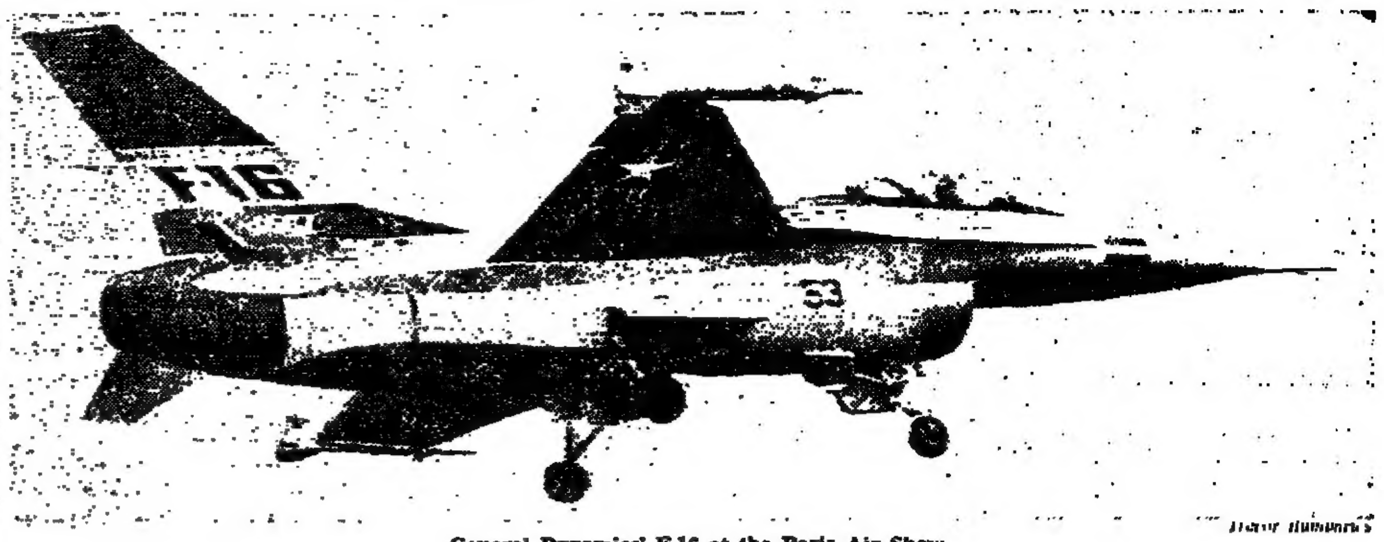
One "unwritten company policy" on alcoholism of which the council says it strongly disapproves is summarised as follows: "This company does not recognise alcoholism as a treatable illness. It is prepared to employ practising alcoholics at the going rates of pay so long as they are able to conceal their illness. They will be entitled to holidays with pay, promotional opportunities, retirement pensions and fringe benefits. But once their illness becomes visible and shows a continuing interference with job performance, they will be dismissed without company investigation."

Business and industry, states the report, should become much more aware of the "tragic and economic loss" caused by alcoholism.

NEWS ANALYSIS—EUROPE'S WARPLANES

Britain has stake in F-16 supplies

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



General Dynamics' F-16 at the Paris Air Show.

THE BELGIAN DECISION, announced over the week-end, to buy the U.S. General Dynamics 86m. F-16 lightweight fighter confirmed that aeroplane as the outright winner in the long and bitter Starfighter replacement battle, often called the "arms deal of the century." The French Dassault Mirage F-1E, the F-16's remaining rival, has been decisively rejected.

As a result, four European countries — Belgium, Holland, Denmark and Norway—will now between them buy 350 F-16s at a cost of over £1bn., including spares.

With the U.S. Air Force's own initial requirements for 650 aircraft included, General Dynamics will have a production run of 1,000 aeroplanes — although a substantial proportion of the work (over 40 per cent.) will be done in Europe—giving it a strong base from which to fight for further orders elsewhere, such as the Middle East, Africa and South America.

The aim is for work on the European F-16s to start around 1977, expanding as deliveries get under way about 1979. In addition to the 40 per cent. direct share in the work done on the fighters they buy, the four European countries will get 10 per cent. of the work on the aircraft for the U.S. Air Force, and 15 per cent. of the work on any aircraft sold to other countries.

Big changes

Some part of this will come to the U.K., although it was not directly involved in the matter of the F-16s. Marconi-Elliott Avionic Systems will provide the "Head-Up Display" unit for the pilot's cockpit in all the F-16s, while Dowty Fuel Systems is supplying parts for the engine.

The Fairey Group has a substantial interest in the Belgian aircraft industry, and can thus expect some financial benefit from the work done there.

The end of the Starfighter battle, however, changes the military aerospace situation in Western Europe. As a result of this and of the referendum, major new alignments between the U.K. and European aerospace industries may emerge in the period immediately ahead.

One of these, hinted at during last week's Paris Air Show, was the possibility of a liaison between the French aircraft industry and the Anglo-West German-Italian Panavia consortium, building the Multi-Role Combat Aircraft (MRCA).

It is significant that none of the three MRCA countries was involved in the Starfighter replacement battle, and so they are not the targets for French anger. They also between them have the three strongest aircraft industries, apart from that of France herself.

Much will depend on the attitude of the French industry following the defeat of Dassault's Mirage F-1E by the GD F-16. Over the week-end it was clear the French industry was bitterly angry.

Opportune vote

The question is: Will the French still want to go it alone in world military aircraft markets, or will they now be prepared to join with the rest of Europe to fight off further encroachment by the Americans?

Leaders of the U.K. aerospace industry, who have watched the situation carefully, feel the referendum and the F-16 decision have coincided opportunely, and that together they give the entire European aerospace community a strong incentive to get closer together.

Even the current threat of nationalisation in the U.K. does not alter this view. Although the U.K. industry's leaders dislike nationalisation, and would like to see the proposed Bill dropped they argue that many of them will still be running the industry after the State takeover.

Accordingly, they believe they have a responsibility to look ahead and to influence the shape of the stronger European industry they want to see. The referendum result has confirmed this opinion.

They recognise that the U.S. has built a formidable power base in European military aircraft development. But they also say the lightweight F-16 meets only one European requirement for the years ahead, and they point out that the more expensive and more sophisticated MRCA is already a bigger programme industrially and financially, with over 800 aircraft already ordered by the three participating countries, U.K., West Germany and Italy.

The MRCA, therefore, is being cited as one of the major lynchpins round which a stronger European military aircraft production industry could be built, to help combat American competition.

This, in turn, has given rise to the suggestion that the French industry might consider dropping its plans to develop its own competitive Dassault Avion de Combat Futur (ACF or Super-Mirage) and buy the MRCA instead, in return for a major stake in that programme and all its subsequent developments.

This idea is understood to have been put privately to the French by U.K., West German and Italian industry leaders. While the Starfighter battle was in progress, with Dassault still standing some chance, there was little hope of any French interest in the MRCA plan.

But it was being argued at the Paris Air Show that the Belgian rejection of the Dassault Mirage F-1E in favour of the GD F-16 created a new situation for the French industry in general and Dassault in particular. Dassault will probably still try to sell the F-1E overseas, but the heavy cost of developing the ACF as a rival to the MRCA is another matter.

Pan-Europe hope

The U.K., West German and Italian industry spokesmen see in the situation the seeds of a possible pan-European military aircraft combine that could effectively compete with the Americans not only in advanced combat aircraft such as MRCAs, but also at the lower end of the scale in tactical strike fighters such as the Franco-British Jaguar, and jet trainers such as the Franco-German Alpha Jet.

If the French are prepared to join, such a combine could be developed quickly, since all the ingredients are there. If they are not, and prefer to continue to develop their military aircraft alone, the chances of staving off further American inroads into the European market seem remote.

The Executive's World : The Office

EDITED BY JAMES ENSOR

The original village houses . . . the new office-house with demountable services . . . and the warehouse tent.

THE MAJOR towns in Britain have long ago come to terms with the modern purpose-built office block, and even with the occasional warehouse. But as industry spreads into new areas—such as the Scottish coastal towns from which the North Sea oil rigs are serviced—a new approach will have to be devised.

Consultants Wolff Olins have devised one solution to the problem of integrating supply bases with the local environment. Its building design unit has come up with the scheme, illustrated above, whereby the offices and storage facilities demanded by a supply base will, at first glance, not look so very different from the rest of the host village.

Additionally, as the needs of the supply base change, so the use of the buildings can change. In this particular Wolff Olins scheme, which will be featured in the July issue of Design magazine, it has been suggested that the offices be housed in buildings that can easily be converted to houses when no longer needed as offices. Supply bases for exploration rigs have a fairly short life, under 20 years, so after-use possibilities are important, not least from the point of view of gaining and retaining local goodwill.

Many of the services that offices demand, as well as the physical link between office and warehouse, the consultants suggest should be supplied by demountable service structures. Certain "sympathetic" activities of the office, the canteen, reception and postroom, could be visible from the street, to parallel the shops on the genuine housing side of the street.

After investigation (this project, though merely a proposal, does refer to a real site) it was discovered that the goods stored did not need any very great degree of protection, certainly not the slab-like concrete so often associated with warehousing. Wolff Olins suggest that a standard "Unit tensile structure" (or tent) would do perfectly well. And it could be removed once the base had outlived its useful life.

It is an interesting idea and one that Wolff Olins hopes might gain oil men some rather more sympathetic treatment from planning authorities. Non oil companies moving from the conurbations to more rural areas also might find it a novel approach to the problem of integration. DOINA THOMAS

Communications in Britain and to the continent Europe may still be unreliable and expensive as some delegates to the conference on Telecommunications, last week, argued. But the technology has developed a long way since this was used on a Lancaster.

Telephone ideas from Brighton

BY CHRISTOPHER LORENZ

PROMISES of better Post Office services, advice on how to improve your customer relations ("Answer the phone within ten seconds, and with a smile in your voice"), descriptions of "electronic mail" for the frustrated postal user—all these and more were on offer in Brighton last week at what claimed to be the first Telecommunications conference and exhibition aimed specifically at the business community.

Thanks perhaps to the disciplinary factor of inflation, the conference was refreshingly free of the technological stargazing which often mars such occasions, and concentrated on how to choose the right sort of service and equipment—for both voice and data communication—and how to get more out of it.

With superb timing, the Post Office chose Referendum Eve to announce a £250m. programme over the next five years to boost the number of international circuits from 7,500 to 20,000 in 1980, and to promise a better service to insist—to a chorus of protest from several executives of multinational companies—that it is not overcharging for calls from Britain to the rest of Europe.

Bottlenecks

"We recognise that our present (international) services are far from perfect," was the disarming admission of Mr. Michael Ford, Head of Marketing and Service Development in the P.O.'s External Telecommunications Executive. In view of the scale of the P.O.'s operation, the need to plan exchanges 10-15 years ahead, and "the staggering growth of demand of over 20 per cent. per annum overall—with a consequent doubling of requirements every three or four years," it was not surprising that "bottlenecks" occurred, he maintained.

After a period of inadequate switching capacity, the international telephone service had improved considerably over the past six months. With the £250m. programme ahead, the P.O. was confident that there was now a sound base and practicable plans for assuring that the service would be adequate in future, Mr. Ford said.

P.O. concern that subscribers may not make full use of International Subscriber Dialling (ISD), which is rapidly being extended across the country, was hinted at by Mr. Ford. The ability to dial direct to a P.O. international operator is being extended to all subscribers, and Mr. Ford warned that traffic was expected to grow so fast that the demand for international operators might reach "an unacceptable level" unless there was a major change in customer habits. "In order to contain this requirement, it may be necessary to alter the availability and price differentials of some of the present operator facilities," he cautioned.

Europe

To promote better use of ISD in off-peak hours, the P.O. claims to have taken a lead among European countries by introducing reduced rates for customer-dialled calls to most destinations between 8 p.m. and 6 a.m.

Better use of ISD appeared to be only one of the points in Mr. Ford's mind when he produced two tables, showing that it is cheaper to make two abortive ISD calls to either West Germany or the U.S., reaching the required respondent only on the third attempt, than to put one successful personal call through the operator.

His other apparent motive coincided with one of the major conference themes. To quote Mr. Ford, "currently, most people choose to use a particular telecommunications medium from habit or convenience rather than from a deliberate assessment of its suitability." And his colleague, Mr. F. G. Phillips, P.O. Director of Telecommunications Marketing, warned that many businesses were unaware of the poor image created for their company because of their inadequate telecommunications facilities.

In an illuminating paper entitled "If you count on customer relations, don't discount telecommunications," Mr. Brian D. Simmons of Esso Petroleum offered a check-list. Among his suggested key areas for good communication were the switchboard, where he suggested that 90 per cent. of calls should be answered in ten seconds, 98 per cent. in 20 seconds, and—a common failing—that unanswered extensions should be intercepted within 20 seconds. Such a wait would be too long for some of us, and he counselled that all telephone users within the business should answer within ten seconds ("three brr-brrs"), and "say who you are—your function, keep a smile in your voice, you are the Company—don't pass the Buck . . . don't hang on, call back . . ." Mundane advice, perhaps, but all too necessary for the majority of people who use the phone.

Among his list of useful technical "innovations" (some of them none too new, but taking considerable time to reach this country), are push-button telephones; short-code dialling; a repeat attempt facility (repeating the last-dialled number); direct dialling inward; and cyclical call distribution when functions are shared by a group of people. One of the most commonly discussed features—but one which is only available to a limited degree of flexibility from the British Post Office—is the ability to set up conference calls almost instantaneously. As Mr. Simmons said, "ultimately feasible, it presently poses many problems, particularly with two-wire circuits and current exchange technology." The much criticised new generation of large local exchanges, TXE 4, should make things easier, according to the PO.

Hung on

The same basic theme was dealt with in a more grandiose fashion under the title of "Total communications" by two communications specialists now in local Government, Messrs. A. N. Smith and M. J. King. Instead of thinking along specialised system lines, it was important to realise—with certain limitations caused by technical incompatibility—that a very large number of different devices could be "hung on" the telephone network.

"It is technically feasible today for a teletype in one location to talk to a video terminal in another and, with the right piece of equipment in the middle, for a computer to give you a verbal answer or to send you a facsimile message." Hence the attractions of a common integrated network, capable of using new ideas when they are developed.

But, like the Christian in Bunyan's "Pilgrim's Progress," the communications manager has to tread a road full of unknown dangers and very attractive diversions. Messrs. Smith and King consider that one of the most attractive modern diversions is the computer terminal, enabling information to be sent to you at thousands of characters per second. "You cannot read at anything like that speed, but you may like to see information presented to you in a total page format at perhaps hundreds of characters per second." Apart from price considerations, "do you really want to be so far ahead of yourselves that before you read the first word, the machine has printed the end of the book?" they ask provocatively.

With everyone's feet so firmly on the ground at Brighton, it was no surprise to see the Post Office limiting its discussion of new technology and equipment to a few examples which are nearly ready for marketing—and should have been several years ago, if the cynics at the conference were to be believed.

The PO was extending the use of push-button telephones (Keyphones), and was aware of its potential as a low-cost data terminal, Mr. Phillips said, but its researches showed that the market was likely to want a low-volume printed output as well. His remark "we are interested in developments of any inexpensive terminal devices which provide this facility" sounded particularly plaintive, but in fact he added that the PO has been looking at one private enterprise prototype in particular.

Telex

Commenting on a more traditional data transmission technique, Mr. Phillips forecast that the number of telex terminals in Britain would more than double in the next ten years to about 126,000. The PO also confirmed that a new 2,400 bits-per-second Datel service would start next year over both the public telephone network and leased circuits, as was a 4,800 Bit/s Datel service.

In view of the continual rise in telecommunications tariffs—the most recent for business customers being 41 per cent. as from the end of April—it would have been astonishing if prices had not been a major talking point. The most vehement complaints came from Mr. Rieko Baalman, from Shell International in The Hague, whose paper amplified the complaints of other multinational company executives that there was an extraordinary disparity between national and international rates. Mr. Baalman quoted figures showing that a four-wire data transmission circuit between London and Amsterdam cost over three times as much as one from London to Manchester, though the distances were the same.

The P.O.'s Michael Ford countered that this was partly the result of the complexity of cross-Channel links (including submarine cables), and Mr. Baalman's figures lent some support to the P.O. claim that the national/international differentials were greater on the Continent: a connection from Amsterdam to Dusseldorf costs virtually ten times as much as to Maastricht, although the German city is only eight kilometres further away.

Both Mr. Simmons of Esso and Mr. R. S. Athill, Managing Director of Minster Automation, counselled the use of recently-developed data recording equipment to control costs. One such device gathers into magnetic or punched paper tape all data relevant to the call: date, exchange line, seizure time, extension number, dialled number, time answered, call duration and metered units. As Mr. Simmons described it, the data is processed to provide either detailed call-by-call print-out, collated figures, selected data or traffic figures as required. Such equipment is being included as an integral part of some new private automatic branch exchanges (PABXs), but can also be attached as a separate item to older exchanges.

Total cost

The "total communications concept" is also of use in controlling costs, according to its supporters: telex linked to an audio dictation system could give considerable savings in paper handling over use of the postal system, they suggested. "We wonder how many communications managers have also got responsibilities for the typing services?" they ask, complaining that many organisations took only direct operational costs rather than total costs into account in judging communications.

For the organisation which sends a sufficient volume of post, the attractions of "electronic mail"—using word processing typewriters and facsimile machines with store-and-forward telecommunications over the public telephone network—were described by two speakers from ITT. Of particular interest for their suggestion of how to cope with some of facsimile's usual drawbacks, their enthusiastic exposé may not present a substantial threat to the PO's mail service in view of the vast volume of letters and packets carried each year, but for many a business, in the words of the speakers, "electronic mail" may indeed offer "a solution to the dual problems of postal services and the need for increased office efficiency."

Perks for the girls

THE DAY HAS not yet arrived when your secretary will demand expense account lunches and a company car, but she is quite likely to expect free food and a travel allowance. Tax free "perks" for office staff are on the increase, according to a survey published last month by the Alfred Marks Bureau.

Many fringe benefits which used to be reserved for management are enjoyed by to-day's secretaries, as employers see them as a way of creating hidden income. Differentials on such matters as holiday entitlement and hours of work are narrowing, and although office staff are not known for militancy, chairman Mr. Bernard Marks expects that trade union pressure for new and increased benefits will build up. The survey will be published annually to monitor these developments.

But for the moment the most popular fringe benefits remain in well established areas. Of the 191 companies on which the survey is based, 91 per cent. have subsidised staff canteens or give luncheon vouchers, 69 per cent. organise big staff discounts on goods and services—some as high as 35 per cent. on company products—and 68 per cent. allow office staff more than the basic fortnight's holiday.

A new trend is the adoption of something hardly heard of 10 years ago—flexible working hours. Not perhaps strictly a "perk," but 29 per cent. of the companies now use this method and 8 per cent. expect to do so in the near future. It is probably growing in popularity at the expense of the social club, as more sophisticated office staff these days prefer to make their own social arrangements.

Employers also seem to be more aware of the increasingly high living costs facing office staff, especially in London. Half of the London firms give some sort of public transport allowance, and 40 per cent. of City firms will help with house purchase.

Taking in all the 191 firms, as many as 51 per cent. will pay house removal costs—in some cases including bridging loans and mortgage assistance—when either the firm moves offices or wants to encourage staff to work in otherwise "undesirable areas." A third give car allowances under certain circumstances—usually on a fixed rate or pence per mile basis for company business only; 8 per cent. occasionally have a car available for office staff use, but that status symbol the company car is strictly reserved for salesmen and management.

هكذا في الأصل

Now you're a confirmed European, take advantage of being British.

With the referendum behind us at last, business can get down to planning for a more certain future.

And although many of you may be pleased that we have not lost our European market of 250 million customers, other eyes will be focussed on our compact market of 60 million.

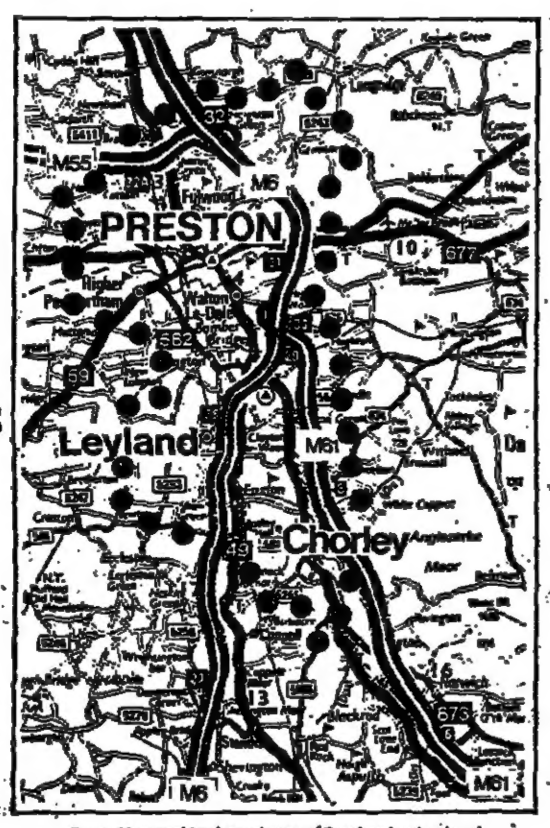
Overseas businessmen will see that geography and motorways have combined to make the new town of Central Lancashire the ideal centre from which to reach every major market.

So before we publish our story in the Wall St. Journal, Le Monde, Frankfurter Allgemeine and Nihon Keizai Shimbun, we thought we'd give you the advantage of reading it first.

The story.

Central Lancashire offers something special as a new town.

For example, we are based around the well-established and lively towns of Preston, Leyland and Chorley. We already have the biggest existing population, 240,000, and we are planning for this to grow to about 420,000 by the turn of the century.



Central Lancashire: based around Preston, Leyland and Chorley. It's the biggest new town in Britain.

Naturally, it occupies twice as much land as any other new town previously designated. About 55 square miles, in fact.

The M6 runs from north to south through Central Lancashire, and the M61 joins with the east-west M62, all of which means that from Central Lancashire you measure distances in minutes, rather than miles.

Preston is a major stop for the Inter-City Electric Scots. Step aboard and it will speed you to either Glasgow or London in around two and a half hours.

No company is an island.

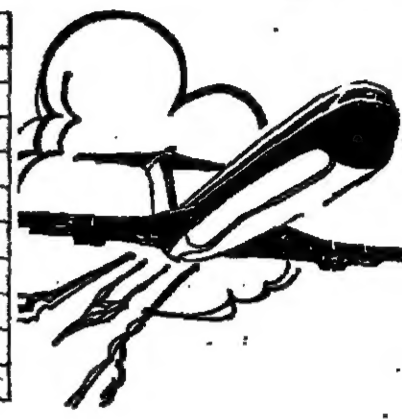
It doesn't matter how good your product is, if you can't get it to market. That's why a base in our area makes sense.

Because Central Lancashire isn't only well-placed for British markets, it's also in a high-street position for trade with the E.E.C. and, for that matter, the rest of the world.

There's our own small, but highly efficient container port at Preston. The major ports of Liverpool and Manchester are about an hour by motorway. And in just forty-five minutes by motorway, you can be at Manchester International Airport.

DESTINATIONS	ACTUAL TIMES
AMSTERDAM	1hr 5mins
BERLIN	2hrs 50mins
NEW YORK	7hrs 30mins
PARIS	1hr 15mins
MONTREAL	7hrs 50mins
ZURICH	1hr 50mins
LONDON	45mins
TORONTO	9hrs 25mins
BRUSSELS	1hour
MILAN	3hours

Some typical examples of flying times from Manchester.



We weren't born yesterday.

From earliest times Central Lancashire has had a history of commercial and industrial enterprise.

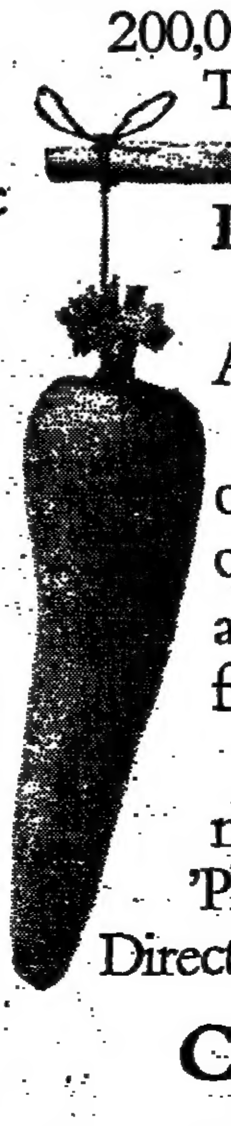
In 1179, the merchants of Preston bought their Borough Charter from Henry II, enabling them to sell their goods throughout the land, free from tolls.

The eighteenth century and the Industrial Revolution provided the base on which we developed our manufacturing industries.

Now, of course, Central Lancashire is the home of high-technology companies, manufacturing supersonic aircraft, telecommunication systems, trucks and buses, rail traction equipment, man-made fibres and many other advanced products.

But we are not restricted to manufacturing skills. Half our 120,000 workforce is busy in the commercial and administrative fields for which Central Lancashire has an equally proud tradition. The workforce is expected to total more than 200,000 as the new town grows.

This is the foundation on which you can build.



It will pay to move now.

Central Lancashire enjoys Intermediate Area status.

So many companies can qualify for a variety of worthwhile grants. And as there are modern offices, factories and warehouses readily available, there's no need to divert vital capital from essential stocks and plant.

Of course you'd like to know more about Central Lancashire. 'Phone or write to our Commercial Director, Bill McNab.

Central Lancashire
The foundation for your future.

Central Lancashire Development Corporation, Cuerden Pavilion, Bamber Bridge, Preston PR5 6AZ. Tel: 0772 38211.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Big sun-power test under way

NOW FULLY operational, the Philips energy conservation house (Solar House) at Aachen in West Germany can only be described as a major industrial experiment.

At a capital cost of £150,000 and a three-year running cost put at about £2m., the facility is intended to prove that it is possible to save some two-thirds of primary energy input to a normal dwelling by capturing solar heat and extracting residual heat from waste water and the stale air exhausted from the various rooms in the house.

This two-thirds saving is in straight comparison with an oil or gas-heated house using a certain amount of power for various services.

The £150,000 includes the cost of two process control computers because it is intended that the performance of all the equipment in the house and particularly the solar panels shall be thoroughly monitored, documented and understood.

Collaboration with the State authorities and the major power company RWE—who between them are providing well over £1m. of the total costs—demands this detailed analysis as does the fact that the State is also providing a further £20m. of support over the next five years and intends to build a number of solar-heated establishments including a multi-family dwelling and a swimming pool.

No one will live in the Aachen house, however. Individual members of a family of four are represented by strips of punched tape which are used to "exercise" the equipment by simulating cooking, washing, and other familiar activities. Their effect on the heat balance of the house will be weighed carefully against weather patterns.

Heat extraction

Apart from the solar circuit, systems to be tested include a heat pump which extracts heat from the ground under the house, the heat exchanger which takes warmth from the outgoing waste water, the exchange system which takes the heat out of stale air and an air intake heating/cooling system.

The results of this work will show what system or systems are the most efficient in heat recovery and storage and should lead in the near future to the development of standard heat recovery "packages" for installation in new buildings; but also—possibly—for fitting in existing homes and premises.

One of the main reasons for going into such minute detail in this study is the fact that the West German Government, after detailed examination of its fuel balances, has determined that some 40 per cent. of primary energy ultimately goes into domestic space or water heating and that at temperatures well below 100 degrees C.

It follows that any successful attempt to extract low-grade heat from the environment will greatly lighten the vast oil bill.

Of course, the effects will take some time to make a marked difference unless packages are developed for easy retrofitting to existing houses.

Further fuel price increases may not necessarily accelerate this last process.

The key to the experiment in Aachen is the company's own solar panel development. It is based on the use of black indium oxide coated water tubes running inside evacuated glass tubes for better radiant heat transfer. Philips has only one rival company in this type of panel designs and believes Aachen is considerably ahead.

Hot water main

The solar house is equipped with 18 of those panels inserted at 45 degrees into the roof and connected in series to a hot water main leading to the main storage tank. On average, the bank of panels will produce a steady 3kW output, enough to maintain the contents of the huge storage tank in normal operations at 90 degrees C.

These solar panels, are far more efficient than metal panel collectors, particularly in overcast conditions.

But performance during daylight is one thing. There must also be considerable heat storage capacity of hot water to cope with the provision of services and heating overnight. At present there seems to be no way around the need for an immense tank though heat recovery from reject air and water can help a great deal—recuperating something like 3,000 kW hours per year typically from a total energy input of say 9,000 kW hours.

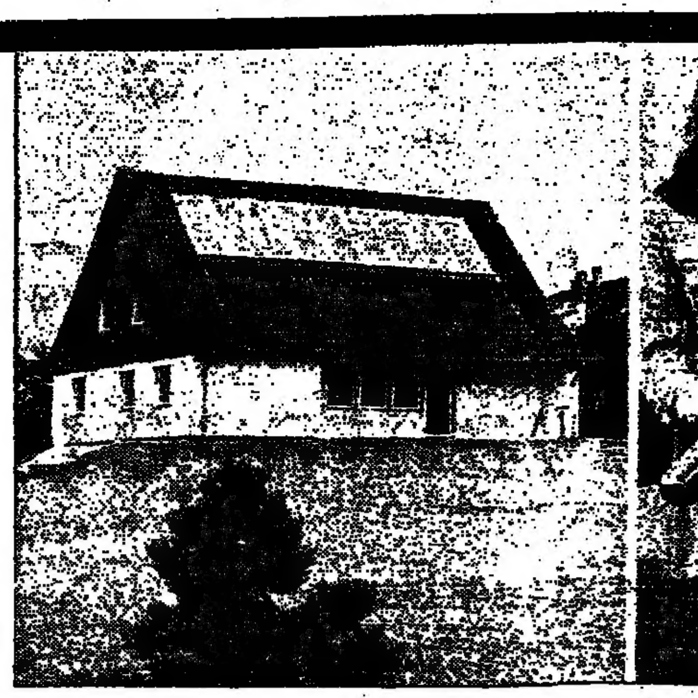
It goes without saying that the walls of the solar house are outstanding in their thermal performance. They would normally be made in large pre-fabricated sections, built up as a multi-layer structure.

Starting from the inside there is a layer of plasterboard attached to the basic beams which are about 2 inches by 3 inches and backed by a thick layer of chipboard. The interstices thus formed are filled with glass fibre.

Outside the chipboard comes a six inch layer of glass fibre and then an external wall element of asbestos cement about 3 inches thick. A K value as low as 0.17 Watt per square metre per degree is achieved.

Windows and doors are double glazed, the glass being coated on the inside with tin oxide to prevent infra-red loss. The frames of the windows are made of a polyurethane moulding with a steel spine and also conduct little heat.

A crucial point is what the solar panels can be made for, and if Philips can meet the U.S. calculation of a breakthrough price of $100 per square metre it could be into a very big market. With the Mark I panel it may not beat this target figure, but with the Mark II, which has not yet been unveiled, laboratory staff are confident this can be done in series production.




Solar house and the roof panels are shown above. The laboratory assistant is holding a single vacuum tube heat capture element. Eighteen of these form a panel and the 18 panels—20 square metres—can produce enough heating to raise the 40 cubic metres of water in the main tank to about 90 degrees C. By the middle of the year, it is estimated that the system will be storing the equivalent of between 10,000 and 12,000 kWh of energy.

● COMPONENTS

Vacuum pump speeded up

EDWARDS High Vacuum (part of BOC), is introducing a new concept in vacuum pumping systems.

Diffstak combines in one unit a three-stage diffusion pump, an optically opaque water-cooled baffle, a quarter swing valve and a roughing line. When combined with the new and specially designed backing/roughing valve and an Edwards high performance rotary pump, the result is a system that increases pumping speed by up to 100 per cent. over a comparable combination of pumps, baffles and valves.

Greatly reduced sealing requirements within the system, stainless steel construction and the use of polyphenyl ether pumping fluid significantly increase cleanliness.

Edwards High Vacuum, Manor Royal, Crawley, West Sussex RH10 2LW. 0293 28844.

● DATA PROCESSING

Simulation package

CDC Data Services is developing its electrical engineering application library to meet the growing market for electrical engineering simulation jobs.

A major extension into electrical engineering applications results from the introduction of TEGAS 3 for digital logic verification, fault simulation and test generation. The program features a common input language and circuit description for all modes of operation. Interactive operation is available for design verification and fault simulation.

TEGAS 3 was developed by Comprehensive Computer Systems and Simulation Incorporated.

With the introduction of this package, CDC has provided a significant update of the existing SYSCAP program used by electrical engineering customers since 1969. Developed and supported by Rockwell International Corporation it offers electrical engineers a tool for static and dynamic analyses of both linear and non-linear systems representing a wide class of electric and electronic networks.

CDC Data Services, Wells House, Wells Street, London, W.1.

Highway documents

AN ESSEX County Council engineer has pioneered the use of CDC Data Services ATS text processing system in the preparation of contract documents for highway schemes. This is a complicated task, as contract documents typically consist of some 240 sheets of text plus a Bill of Quantities section.

Using traditional methods, the process of preparing contract documents for highway contracts takes weeks for a typist, engineer and proof reader. At Essex County Council this has been changed. Now the standard text is available on CDC's ATS/360 computer and accessed via a time-sharing terminal and a dial-up telephone link.

The operator can make the necessary small amendments on the spot and have the finished document delivered next day by British Rail Red Star parcels if it is lengthy. When the text has been approved copies of the printed and bound document can be produced within a week or litho plates can be prepared within three days, using a linked video typesetting process.

CDC, 153, East Barnet Road, East Barnet, Herts. (01-440 5161).

● HANDLING

Lift truck attachments to order

FORK LIFT attachments made by Mandigers of Holland for various specialised and standard industrial applications are being distributed in the U.K. by R. S. Stokvis and Sons, Kingsmead House, Hersham Trading Estate, Lyon Road, Walton-on-Thames, Surrey, KT12 3QB (Walton-on-Thames 42761).

Basis of the range is a low profile sideshifter frame which incorporates a well-protected hydraulic shifting cylinder.

Designed for loads of one to 15 tons, the models are built to attach to both hook and pin type fixings on fork lift trucks. Fork positioners for both pin and hook type trucks are included, and may be used with or without a built-in sideshift feature.

There are 11 hydraulic clamps, with lifting capacities up to 15 tons.

● POWER

Units for emergencies

AVAILABLE FROM Varta (Great Britain), Crewkerne, Somerset (Crewkerne 3366) is a high-speed re-charge unit for applications requiring a maintenance-free sealed nickel cadmium battery coupled with a very short re-charge time (one hour). The battery and charger are supplied for incorporation into their own systems to makers of intruder and fire alarm equipment, stand-by power and emergency lighting systems and process control equipment.

Also announced are two sealed lead acid batteries from Hakuto U.K., 557 Rayleigh Road, Leigh-on-Sea, Essex (0702 526621). Again, these are intended for fire detection, emergency lighting and similar applications.

Rated at 2.6 and 1.2 Ah the batteries are totally enclosed in high impact styrene cases and the maker claims that no electrolyte leakage is possible regardless of working position "except in the most exceptional cases of misuse."

Capable of 200 complete charge/discharge cycles (1,000 if the capacity is only partially used) the batteries can, it is claimed, last for four or five years when employed as a spare power source and when batteries are properly alternated.

● METALWORKING

Sharpening at the right angle

A HONING guide has been introduced by Stanley Tools for use with a traditional bench oilstone when putting a cutting edge on plane, spokeshave and chisel blades.

It consists of a chrome plated steel body, a die cast alloy block, and two steel screw adjusters which together form a sliding clamp.

Correct honing or grinding angle—25, 30, or 35 degrees—is obtained by a double checking operation: via a snap-out nylon angle gauge and parallel alignment marks, the latter ensuring that the blade is held squarely. When the blade is correctly positioned it can be locked by tightening the screws.

Twin nylon rollers ensure stability during honing.

The maker is at Woodside, Sheffield S3 9PD. (0742 78678).

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Building and Civil Engineering

£11½m. motorway job for Fairclough

OVER FIVE kilometres of motorway in the M67/2 Hyde by-pass are to be built by *Leonard Fairclough's civil engin*eering division, Adlington, for the Department of the Environment.

Worth just over £11½m., the total contract is scheduled to be completed in 143 weeks and involves a number of bridges, including a railway bridge which will take 90 weeks to erect.

This particular bridge will have a prestressed concrete deck and is to be built next to the *existing structure, which carries* the line to Sheffield.

It will be slid laterally into position with minimal disruption to rail services.

One of the road bridges is a single-span pre-stressed, precast design and another a *three-span pre-flex* beam unit. The third road bridge is a single-span portal frame with *propped cantilever* end-spans.

There also is a farm bridge, three footbridges, two subways, an *underpass, eight* culverts, a canal diversion and nine steel motorway sign gantries.

Accommodation works, sewer diversions and road diversions are covered by the contract for which the consulting engineers are Sir William Halcrow.

The director of the whole project is Mr. D. F. Dean, of Crystal House, Preston.

Factory to be extended

COSTAIN Construction has won a £3.1m. *contract to extend* the CAV factory at Gillingham, Kent.

The single-storey *four-bay extension will be of structural steel* frame on concrete bases with penthouses for the installation of plant. External cladding will be of metal and brick with a metal and felt roof. An additional production area of over 15,000 square metres will be provided.

The existing mezzanine floor will also be extended and will be of structural steel frame with cased concrete columns and beams with a reinforced concrete insitu suspended floor giving 1,100 square metres of additional floor space.

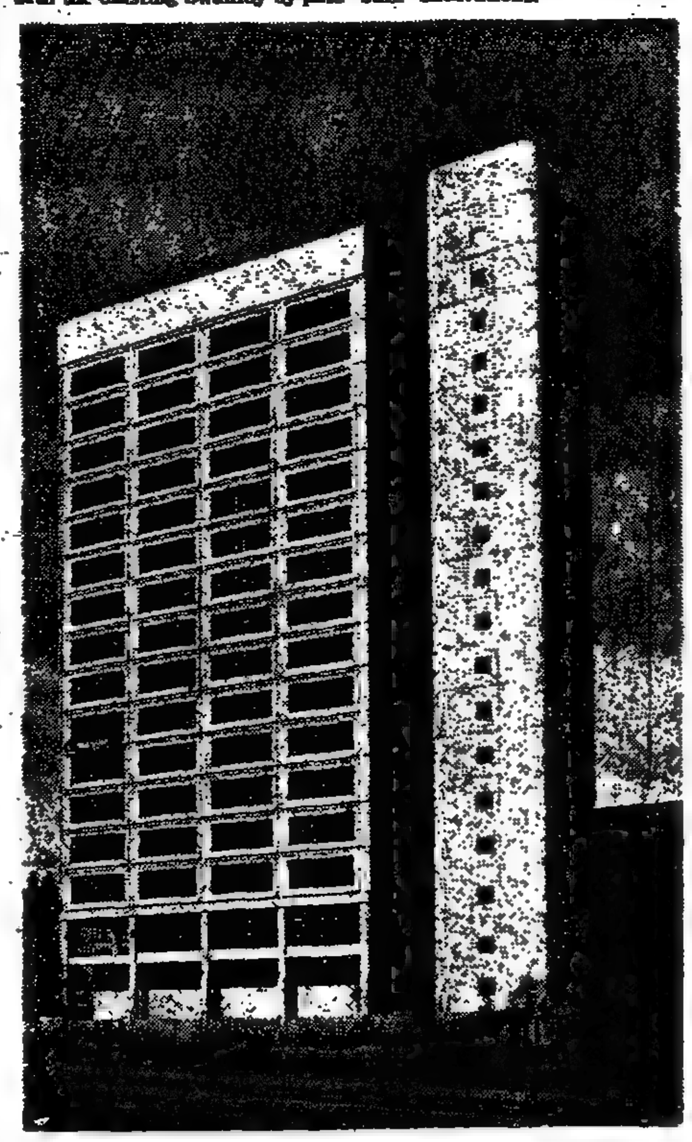
Architects are Clifford Tee and Gale, consulting engineers Roy Bolsover and Associates and quantity surveyors Reynolds and Young.

Motorway bridges

SIR ROBERT McAlpine and *Sons is undertaking* a £1.8m. contract for the building of eight bridge structures on the Swanley to West Kingsdown section of the M20 mid-Kent motorway. The latter is being *constructed* by Sir Alfred McAlpine and Son under the £9m. main contract awarded to them by the South Eastern Road Construction Unit of the Department of the Environment.

The motorway will connect with the existing Swanley by-pass and take the M20 a further 10km *south towards* Wrotham, skirting the Brands Hatch motor racing circuit.

The bridge structures involved include four underbridges, three overbridges and a service underpass. A gas pipeline support bridge is to be built around a large existing gas main. It will be constructed below ground in advance of the roadworks and the gas main suspended from it before commencement of the bulk excavations.



This 18-storey office block at Dundee will house Tayside Regional Council. Carried out by Ravenstone Securities in association with Guardian Royal Exchange Assurance, the project—including an associated three-storey block—will cost about £3m. Main contractor is Bett Brothers of Dundee. Architects are James Parr and Partners.

£11m. Kyle Stewart awards

THREE CONTRACTS totalling £11m. have been awarded to Kyle Stewart.

At Woolwich, London, S.E.18, the company expects to start on the £6½m. second phase, involving residential accommodation, at the new *military hospital*.

The work which is expected to start in July and will last for 2½ years, includes an 11-storey block in reinforced concrete framed construction, 3 three-storey blocks in load-bearing blockwork, two mess buildings, a single-storey social club, a two-storey teaching school and extensive external works including a helicopter pad.

Operations have just started on the building of a new head office complex for The Anglia Building Society at Moulton Park, Northampton. A three-storey reinforced concrete framed office block of 10,610 square metres, a single-storey conference hall, boiler house and ancillary buildings are called for. The contract is valued at £4m.

Further works to provide a six-storey office block and a five-storey car park have started at the headquarters of Thames Television at Broom Road, Teddington, Middlesex. Valued at £1m. the work includes reinforced concrete construction on piled foundations and will provide 2,500 square metres of office space and 5,000 square metres of car parking.

Fibres plant project in Eire

MATTHEW HALL Engineering has been commissioned by Asahi *Chemical Industry as managing* contractor for a £25m. "grass roots" acrylic fibres and spinning plant at Tawnaghmore, Co. Mayo, Eire. The plant will manufacture about 20,000 tons per annum of Cashmilon fibres.

Matthew Hall's contract is believed to be worth about £12m. and comprises the overall co-ordination, planning and cost control, detailed mechanical, electrical and instrument design, procurement of equipment and all materials, building construction and erection of offside plants.

The plant is due to be commissioned in the autumn of 1976.

Manchester theatre project

FIVE CONTRACTS together worth over £2.2m. have been won by J. Jarvis.

In Manchester, the company is to carry out a £593,000 contract from the Royal Exchange Theatre Trust for a structure in glass and *steel designed by Richard Negri*. It is to be erected within the 35,000 sq. ft. Great Cotton Hall *of the Royal Exchange* and be completed in April next year. The architect is Levitt Bernstein Associates.

At Coulsdon, Surrey, a Post Office London Telecommunications Region service centre is being built in an old chalk pit, under a £560,000 contract from the Department of the Environment, while an extra floor and a new roof are to be built on to the headquarters of the Union of Post Office Workers in Clapham, London, under a £296,000 contract. Architect for this is Alister MacDonald and Partners.

Also in London, in Huntsworth Mews, Marylebone, N.W.1, for *Heritable Land Development in* association with the Co-operative Insurance Society, the company is *to build 20 maisonettes* and two floors of offices. Architect is Halpern and Partners.

An eight-storey office block which, with an adjoining six-storey block, is being built by Jarvis under a £717,000 contract in West Bar, Sheffield, for Shaymus and is to be fitted-out for the tenant, the S. Yorks Probation Service at a cost of £131,000. Architect is Jefferson - Sheard and Partners.

Chemical fixings

THE RECENT takeover of Fixing Services by Cementation Chemicals is likely to give a boost to the resin-in-glass capsule development of the former company. Available for a couple of years, the system has *probably not achieved* the market position it deserves: sales, promotional and technical back-up from Cementation is expected to help.

The capsule consists of a glass phial of catalyst-hardener inside a larger *diameter* tube containing polyester resin plus aggregate. After drilling a slightly oversize *hole* in the concrete or stone, the capsule is inserted and studding is then forced into the capsule with a rotary power tool, making a mix *of* resin, hardener and glass fragments. The studding is embedded after 30 minutes at 20 deg. C.

Advantages claimed are speed and ease of fixing, a bond unaffected by vibration and not liable to water ingress causing corrosion, and no straining of the surrounding material during fixing so that studding can be placed nearer to edges. In larger sizes a cost advantage is also claimed.

Repairs and maintenance

JNO. CROAD has been awarded two contracts by the Property Services Agency of the Department of the *Environment worth* over £600,000.

The first, at HMS Mercury, *Leydene, Hants, is for* remedial works at the accommodation blocks. Contract value is £225,000.

Remedial works and repairs worth about £372,000 are also to be carried out on the Jespersen Estate, Rowner, Gosport, Hants.

Tests high alumina concrete

THE NEED to know what is happening to high alumina cement (HAC) concrete structures continues, particularly where there is no obvious indication of deterioration and where as a result, some form of measurement and analysis is required before the extent of remedial work can be defined.

But a number of variables is involved, and according to Gage Technique, P.O. Box 30, Trowbridge, Wilts. BA14 8YD (Trowbridge 61652) the only satisfactory way of assessing any trend is to do a series of *tests on an* instrumented building. The company offers such a service, consisting basically of instrumenting the relevant floor and running a loaded trolley across it. Analysis *of the readings from the vibrat*ing wire strain gauges used enables an opinion to be formed about the *elastic modulus of the* concrete.

Subsequent measurements are taken at regular intervals under identical loading conditions so that trends can be detected.

The company emphasises that it has taken care to use an established gauge technique, giving a system that is cheap, robust and easy to use and instal—installation costs work out at beween £30 and £44 per gauge. There is also minimum disruption to the day-to-day running of the premises under test: *gauges* are quickly attached to selected beams with two part quick-setting adhesive.

More piling at power station

AN EXTENSION of Raymond International's piling contract for Littlebrook "D" power station, just awarded by the Central Electricity Generating Board, has brought the total value of this work to about £15m.

Work on the first part of the piling — the main station and ancillary buildings — began in September last year. About 9,500 Raymond Step-Taper piles of an average *30 metres length* were covered by this contract, as were 1,600 large diameter, steel-encased bored piles which were sub-contracted to Cementation Piling and Foundations.

The extended contract now covers piling for the oil tank farm and the 400kv sub-station and will bring the number of piles to about 24,000.

Watches for rock bursts

RACAL-THERMIONIC, of Hythe, Southampton, specialists in professional magnetic tape recording equipment, has confirmed receipt of an order worth £80,000 from Centrozap of Poland. Under the terms of the contract the Racal company will supply a 24-channel magnetic tape system specifically *designed to record seismic data.*

Recording systems of this type supplied by Racal are already in use in two mining areas of Poland, where they are used to detect and forecast the phenomena known as *rockbursts*. The Polish authorities are now extending this "early warning" system to cover the copper-mining regions of Polkawice and Lubin.

Racal-Thermionic operates *from* Hardley Industrial Estate, Hythe, Southampton, SO4 6ZH.

£4½m. school complex

A CONTRACT for the construc*tion of a secondary school* at Wester Hailes, Edinburgh, has been awarded to a Bovis company, Gilbert Ash Scotland, by Edinburgh Corporation.

The project, costing £4½m. spread over three years, includes the school building, a community centre and a swimming pool together with ancillary buildings.

Baffles the site thief

THEFTS, PILFERAGE and vandalism on unattended building *sites could be reduced with the* use of a high security transportable store introduced by Porta*silo*, New Gate, Huntington, York (0904 24872).

Known as Portastor, the units *are available in a range of sizes*, from 3 feet 9 inches x 3 feet 9 inches x 8 feet high, to 30 feet x 9 feet x 10 *feet high*. The stores have walls of 16 gauge galvanised mild steel, roofs of 18 gauge, and double doors of double skin construction — 18 gauge exterior and 16 interior.

The floor is of plywood on steel joists, and the largest unit weighs 2¼ tons. If required the units *can be* linked to *form* larger accommodation. Fittings such as shelving and electrical *connections* are to customers' requirements. There are no windows.

It is pointed out that the Portastor is not impregnable. The company says: "Entry can be forced—eventually—but the intruders would either need specialised cutting equipment, or would alert every policeman within miles with the noise.

"We have carried out tests in which we have attacked the building with fire, crowbars, *jemmies, hacksaws and sledge*-hammers and it takes considerable time to make any impres*sion at all.*"

Police, insurance and security officials were asked to advise on the design, says the maker, and security features include absence of leverage points in doors, frames and hinges, a BIA-approved lock, and concealed lifting lugs.

Suggested applications include *the storage of explosives*, dangerous chemicals, municipal lawn mowers, microfilm records, documents, as overnight *safes* for payrolls, and as a secure freight container.

Staging can go anywhere

SWING STAGE lightweight aluminium alloy staging units are being used in the new Swing-Lo suspended scaffolding system introduced by Tirfor of Sheffield.

Easy and quick to assemble on-site and designed to hang from inside buildings, roofs, beams and bridges or wherever anchor points are available, an important feature is that they can be supplied in any lengths *up to 32 feet yet are light enough* for two men to handle easily.

Units can be joined together *with a special splicer* to form any desired span.

Swing Stage units are capable of carrying a load of 400 lbs concentrated across 4 feet in the centre, and have a safety factor four times the rated load over 32 feet length.

Further information from Swing Stage, 729, Old Kent Road, London, SE15 1JN. (01-639 8881).

● The British Tunnelling Society's 150th anniversary exhibition is being held from June 10 to July 1 at the Institution of Civil Engineers, Great George Street, London, S.W.1.

Wide range of jobs in the West

CONTRACTS totalling more than £1.7m. have been won by *E. Thomas and Company*, a member of the Mowlem Group.

Two of the contracts are *for river control work on the River* Exe, to be carried out for the South West Water Authority. *One is for two fabricated steel* curved gates for the automatic control of floodwaters, valued at £75,000, and the other is for the construction of a reinforced concrete river control structure together with a concrete side spillway and concrete-lined flood channel, costing about £670,000.

Other contracts are for 12 houses and eight flats for Carrick District Council (£130,319) for a probation suite at Crownhill, Plymouth, for the County of Devon (£128,551) and a factory extension for Stafford Miller at Estover, Plymouth (£480,311).

Smaller contracts are to be carried out for Bayly Bartlett, Hooe Lake, Plymouth, for National Westminster Bank at Camborne, for Cable and Wireless Porthcurno, Cornwall and Shell Mex and BP at Ponsharden Terminal, Falmouth.

IN BRIEF

● Doors and windows are the subject of the latest publication in the Architects and Specifiers Guide series available from A4 Publications, Press House, 25, High Street, Edenbridge, Kent. Price £3.50.

● A £200,000 contract to construct a *development* and despatch building for Hymac at Rhymney, South Wales, has been secured by S. W. Clarke (Contractors).

● Reconstruction of a wharf for Seabright Chemicals is being undertaken on the north bank of the River Thames at Creekmouth, Barking, by The Dredging and Construction Company. The contract is valued at over £380,000. Consulting Engineers are Sir Frederick Snow and Partners.

● Rush and Tompkins (Civil Engineering) has been awarded a contract by the Central Electricity Generating Board (Transmission Division) for the construction of the headworks building and compound for the Medway cable tunnel at the Isle of Grain power station. Value of the work is £208,000.

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MONDAY, JUNE 9, 1975

Framing a new strategy

NOW THAT the referendum is over, the Government is faced with a task which can no longer be put off. Within the coming few weeks it will have to frame a new economic strategy. Mr. Healey has been assuring us that no economic package is in immediate prospect. This may or may not turn out to be an accurate forecast. But to-day we will get an indication of industry's investment intentions and the odds are that it will not make particularly cheerful reading. Later in the week the TUC will start discussing the proposals on pay put forward by Mr. Len Murray and his headquarters staff. And the Government is known to be anxious to get talks with both the TUC and the CBI under way as quickly as possible.

Investment

In the latter context, the future of Mr. Wedgwood Benn is crucial. Mr. Jack Jones was quick to put down a marker on the Industry Secretary's behalf. Against that is the undoubted fact that probably no single action would give a quicker boost to industry's confidence than the knowledge that the Department of Industry's policy is to be given a different thrust.

In part this is a question of personality and past record. More fundamentally, the point which industry must make is that the recovery of investment and thus of the economy as a whole depends on the Government's acceptance that an adequate level of profitability is essential. And this of course provides the immediate link with the problem of wage inflation. Profitability in the private sector hinges not merely on its own labour costs but also on those of the public sector, because of the repercussions on the Government borrowing requirement, the level of interest rates and taxation and also because of the costs of the services and goods provided by the nationalised industries and central and local government.

On the union side the TUC document represents the first admission that if the level of inflation is to be reduced, settlements must be related to a target figure of a future reduced rate of inflation rather than the current level of price increases. Whether the unions as a whole can accept such a proposition and make it stick remains to be seen, if that is the chosen approach. But Mr. Jones yesterday indicated that he might well prefer a situation where employers and labour bargained direct without Government intervention. On that basis the trade-off between a given wage settlement and jobs lost would be straightforward.

What this approach leaves out of account though is the Government's role as a direct employer and the no less important part it plays as the underwriter to the nationalised industries. There are a number of measures which the Government will have to take whatever its policy on wages. It will have to cut back on its own spending plans and make a special effort to get a real grip on local government expenditure. Above all it will have to demonstrate that in the public sector it is prepared to accept the disciplines which economic circumstances have imposed on private industry, namely, that the ability to pay is a major determining factor.

Rail award

That is the reason why what happens on the railways is of vital importance. Railwaymen may feel aggrieved that because of their position in the queue they have been awarded less than other groups obtained without a fight. In spite of this the willingness or otherwise of the Government to contain the actual money cost of a rail settlement to the sum laid down in the award will be widely taken as a measure of the determination with which the Government will pursue whatever precise new approach it adopts.

France loses more than an order

BESIDES the many questions it raises, the Belgian decision to join the Dutch, Norwegians and Danes in buying the American F-16 aircraft rather than the French Mirage has two positive advantages. The first is that it should ensure an element of standardisation in Nato equipment and all the more so if some other members of the alliance follow suit. Since standardisation adds to efficiency and cuts costs, that is all to the good.

Two-way street

The second advantage is that a great deal of the work on the F-16 will be done in Europe. In the end it will not be a purely American project. Indeed this may well be the pattern of the future: U.S. companies will do the bulk of the design and development work, but they will increasingly take note of European requirements and use European companies as sub-contractors. Certainly this seems to be the objective of Dr. James Schlesinger, the U.S. Secretary of Defence. Dr. Schlesinger has made no secret that his interpretation of the so-called "two-way street" in U.S.-European arms traffic is that the U.S. should supply all of the big stuff, and especially aircraft, while being ready to consider buying some of the smaller stuff in Europe. The logical conclusion is that an independent European aircraft industry would cease to exist.

Yet although this may be the way things are going, it should not be regarded as inevitable—any more than it was inevitable that the four European countries should have chosen the F-16. There is no doubt that Europe has the resources for its own industry: in this case, it even had the alternative aircraft available—the Anglo-French Jaguar for one of the required roles: the French Mirage F-1E; and, in the longer term, the Anglo-German-Italian Multi-Role Combat Aircraft (MRCA). What happened was that those European countries which build aircraft (primarily France and Britain) were even more disunited about trying to sell them than—until last week—were those four countries which were trying to buy.

One does not wish to place all the blame on the French, since the British aircraft industry is quite as capable of over-estimating its own strength as its French counterpart. Yet the remark of M. Jacques Chirac, the French Prime Minister, that the F-16 decision is a setback for European unity is beside the point. The fact is that it was French behaviour which helped bring the decision about. There is a body within Nato, known as the Eurogroup, which was set up precisely to deal with questions of European arms procurement. The French have played no part in it since its inception. The French and the British have not even co-operated on sales of their own joint project—the Jaguar. In such circumstances, it is hardly surprising that four small European countries should have chosen to buy American.

Irony

The French, having tried so hard to go it alone with the Mirage and failed, are the chief losers. Their Government now stands before a major decision: whether to continue to boycott the Eurogroup or to find some way of co-operating with it. The irony of the situation is that France has played no part in it on the old Gaullist grounds that it was a Trojan horse for the Americans, yet it was the French absence which contributed to the European readiness to turn to the U.S. for its aircraft. After the F-16 decision, this point cannot be beyond even Gaullist comprehension. The Eurogroup—if necessary with the inclusion of foreign as well as defence ministers—is the best available means for adding a European dimension to European defence. So long as the French continue to remain outside, the chances are that the European aircraft industry will slip into the role of sub-contractor not as a result of a rational decision but because of the lack of political will to do better.

Terry Dodsworth reports on competition in the fast growing car and truck market in the Arab States

Motor manufacturers accelerate their Middle East sales drive

ONE irony of the increase in crude oil prices 18 months ago is that the only buoyant market for motor products in the non-Communist world to-day is in the oil-producing Arab states. The potential of this area, stretching along the Southern Mediterranean littoral to the Gulf states and Iran, has been recognised for some years. Testimony of this lies in the interest of General Motors, always weightily present wherever there is a prospect of expansion, as well as of the ubiquitous Japanese and the once influential British. But the transformation into a major growth market has occurred with remarkable swiftness.

CAR AND COMMERCIAL VEHICLE SALES IN 1973 TO ARAB STATES, BY COUNTRY OF ORIGIN

	Egypt*		Iran		Iraq		Kuwait		Lebanon		Libya		Saudi Arabia		
	Cars	CVs	Cars	CVs	Cars	CVs	Cars	CVs	Cars	CVs	Cars	CVs	Cars	CVs	TOTAL
UK	96	106	42,900	1,230	75	55	290	104	1,320	325	615	575	80	60	47,831
USA	20	51	445	325	—	40	6,800	1,680	2,612	990	54	730	3,410	4,155	20,712
France	754	10	8,070	36	790	660	1,875	40	4,745	160	8,620	4,035	1,210	35	31,04[illegible]
Italy	3,298	24	120	210	—	—	895	—	3,050	30	2,810	2,645	1,183	95	14,3[illegible]
W. Germany	356	340	3,250	955	60	—	1,510	1,085	3,185	390	4,190	1,585	1,100	1,830	19,8[illegible]
Japan	2	52	560	6,030	—	345	7,630	3,410	4,015	1,330	5,916	4,580	9,730	24,510	68,1[illegible]
TOTAL	4,526	583	55,345	8,785	925	1,100	19,000	6,319	18,927	3,225	22,205	13,550	16,713	30,685	

* The Egyptians have bought a large number of Eastern European trucks which do not show in these figures.

To-day, it is unusual to talk to any senior motor industry executive without hearing some reference to his designs on the Arab world. Every possible kind of salesman and manufacturer is interested: at the luxury car end there is Rolls-Royce (believed to have sold a good proportion of its first year's Camargue production to Saudi Arabia); at a more mundane level there are the truck manufacturers and component suppliers. British Leyland and Mercedes, well established in Iran, are already major beneficiaries, while Fiat, second largest European truck manufacturer, has selected the area as a leading target for its assault on export markets.

There have already been some substantial breakthroughs. The French, for example, have put a lot of effort, through Peugeot and Renault, into developing the North African market with which they have special ties: Renault's ability to keep up car production well above the European average last year was largely due to its increased sales to the North African Arab states. Mercedes and BMW have found expanding possibilities among the new oil rich upper classes of the Gulf.

Land-Rover demand

Even British Leyland, struggling so painfully in many markets, has had a continually rising demand for Land-Rovers, despite the Arab boycott and competition from the Toyota Landcruiser. This market existed, of course, well before the oil crisis: but to-day, out of total exports of 35,000 a year (production is about 50,000) the Middle East takes some 10,000 vehicles. In Iran alone 4,000 Land-Rovers will be assembled this year, and demand will still exceed supply by at least 500.

At the same time the Western European manufacturers, who inherited strong links with the Middle East from colonial times, have had to face increasing competition from Japan and the United States. In Saudi Arabia, for example, Nissan, the manufacturer of Datsun cars which have been such a thorn in the flesh of the British industry at home, is now reckoned to have captured by far the biggest share of the market. Last year it sold about 30,000 vehicles, many of them pick-ups which are gradually replacing the camel as the beast of burden for the nomadic tribesmen. In 1973 Japanese manufacturers as a whole sold about 35,000 vehicles to the Saudis, against 8,000 from the U.S., 3,000 from West Germany, and 140 from the U.K.

The U.S. effort has been directed mainly by General Motors and Chrysler—Ford, active in Israel, being on the Arab boycott. Unlike the Japanese, who until now have used their preferred method of direct exports to the area, the American companies have adopted their typically long-term approach of establishing local manufacturing facilities. For General Motors this has borne fruit during the last 18 months. In Iran, the one Gulf state which, because of its large population, has unquestionably large growth prospects, it has a 45 per cent. stake in GM Iran, which will make a local version of the Opel Commodore. In Saudi Arabia, the richest of the oil States, it has 60 per cent. in a company due to begin production of 8,000 Chevrolet cars and trucks a year in late 1976.

Volkswagen invasion

Chrysler, the third and sickest of the large U.S. companies, has emerged in the most fortunate position of all. Through its British subsidiary, Chrysler inherited a deal negotiated by the old Rootes management to set up an assembly business for the Hunter model in Iran shortly after the car was launched in 1966. There were some misgivings about the deal at the time, and the Shah himself took an interest, visiting Chrysler's U.K. plants. But it has now blossomed into a spectacular exporting growth story, less profitable, perhaps, than the Volkswagen invasion of the U.S. in the 1960s, but potentially on the same scale.

What it means, in effect, is that Iran has already become the most important single market for British car exports in the world. Even given the fact that production of the Iranian Hunter—the Paykan—is in "knocked down" kit form, with only 60 per cent of the cars assembled in Iran actually produced in the U.K. this remains true. In 1975 Chrysler is aiming to export some 150,000 Paykan kits to Iran, plus 20,000 built-up Avengers—a total of 170,000 which compares with overall British exports to the EEC last year of 160,000. By 1980 Chrysler is hoping to have increased sales to 500,000 Paykans, only slightly less, in a market of only 30m. people, than VW achieved with the Beetle in the hey-day of its U.S. export drive.

Assembly in Israel

The Iranian market has for many years been a significant one for the U.K. The former Leyland Motors, for instance, established strong bus and truck interests there after the war, and Lord Stokes is on good terms with the Shah—hence the talk of the Shah's interest in taking a stake in BL. But in recent years, Iran has also become increasingly important as the major avenue to Middle East oil revenues open to the British industry. Elsewhere in the Gulf and North Africa the Arab boycott restricts both BL and Ford, the U.K.'s two major motor manufacturers and exporters.

BL has suffered a consequent decline in export trade over the last few years, dating from the time of the Leyland/BMC merger in 1968. Before that BMC had a sizeable and growing interest in the Arab states: there had even been talk of building an assembly plant in North Africa. Leyland, on the other hand, had a very large truck assembly business in Israel, which inevitably meant that the combined group went on the boycott list as soon as the two companies merged. After an agonising internal debate, BL eventually decided to abandon the lucrative Israel business in favour of the longer term growth prospects of the Arab market.

That promise has still to be realised, for although the boycott is a selective system, as the runaway success of the Land Rover shows, BL's sales have drifted down year after year in a market where it used to be a major influence. At the same time Japanese manufacturers have started from nothing and built up thriving businesses. Nissan now sells some 54,000 cars and commercial vehicles a year in Saudi Arabia and the Gulf. If Iran and Land Rovers are excluded, the U.K. sells just 11,000 vehicles—and that is a drop of 60 per cent. on the 1965 figure.

In Iran, on the other hand, there are three important BL assembly operations, making trucks (Leyland Motors, in which BL has a 9 per cent. stake), Land Rovers (Moratab, 100 per cent. Iranian), and engines (S. S. Diesel, in which BL has 26 per cent.).

All the British interests are, by Iranian standards, sizeable, with a strong grip on their particular market sectors. Chrysler, for example, is reckoned to hold between 60 and 70 per cent. of the car market, the major competition coming from Citroen and General Motors, who also hold production licences and are equally protected by the high Iranian import tariffs. BL is expected to produce about 2,300 medium-weight trucks this year, slightly less than the 8,000 light trucks and vans made by Mercedes.

Iran has local assembly for nearly every sector of the motor business—buses (BL, Mercedes and OM, the Fiat subsidiary), trucks (BL, Mercedes, and Mack), pick-ups (Mazda and Nissan), tractors (John Deere and Universal), and some component industries. But elsewhere in the Middle East this pattern is scarcely repeated at all. Only Egypt, with a Fiat assembly operation, and Saudi Arabia, with its proposed GM development, has anything similar. The other States rely on direct imports.

Fiat assembly in Egypt

Almost inevitably, however, this will change. All developing countries to-day set a priority on local assembly as the first step towards greater industrialisation — reasoning which particularly applies to the motor industry, because it lends itself to a gradual process of local component substitution. One example is Saudi Arabia, a country with a small population (7m.), but intent on becoming a motor manufacturer within two years. Another is Egypt, which began the Fiat assembly business about five years ago, and is now considering a Land Rover assembly plant.

Local assembly also to-day implies a licensing system. Developing countries have come a long way since the days when Argentine allowed a plethora of competing manufacturers into the country, and found itself left with an utterly disorganised industry. The pattern now is to allow in only a select number of multinationals, under licence and very closely controlled by the State. Hence the importance of deals such as BL's proposed Egyptian Land-Rover plant: while such contracts are not necessarily as profitable as direct exports, they establish a presence and are likely to lead to a virtual monopoly for years to come.

Iran is a good example of this with its division of the car market into small, medium and large models. Despite the likelihood of increasing competition from General Motors and the Renault 5 model (which is taking over from the Iranian version of the Citroen 2CV) Chrysler's great strength in the market stems from its licence to produce the medium range four-cylinder vehicles. These, so far, have been ideal for the tough conditions and middle class market of Tehran.

They have also given Chrysler a predominant position in a part of the world facing increasing competition among the motor manufacturers as they seek to mop up the new territories not yet covered and licensed out. Toyota, for example, is said to have been in contact with Iran National (the Chrysler assembly company, wholly owned by the Khyami family) about the possibility of producing its cars in Iran on several occasions.

Disruption of supplies

These stories inevitably occur whenever there is a strike and disruption of supplies at Chrysler, but there is little doubt that the Japanese are now becoming interested in local assembly, or that Iran National would have liked more units from Chrysler over the last few years—the long waiting lists and inflated car prices in Iran led the Government to intervene recently by importing made-up Avengers. Nor is the importance of the Iran contract to Chrysler in question: this one market took more than half of its exports last year, which brought in about one-third (£98m.) of its turnover.

In the years to come, Egypt may become just such a competitive area. Although it is poor, and therefore not likely to be a major car-owning country in the immediate future, it has a large, relatively skilled labour force, and the ambition to become the industrial centre of the Arab world.

It also has the largest population (36m.) in the region, and considerable political weight—enough, perhaps, to help BL's final removal from the Arab boycott if the Land Rover agreement goes through. Given the re-opening of the Suez Canal and the helpful effect this might have on Egypt's economy, one of the most important steps BL's new international section could take in the next few months might be to put the final touches to the Land Rover contract.

MEN AND MATTERS

More support for Mrs. Gumbel?

Two dates are looming up for British Leyland shareholders' diaries: a rally of the discontented at Kensington Town Hall on June 27, and a meeting called by the company to hear the Board's formal response to the Government's takeover offer. The second is on July 14—Bastille Day, in case you had forgotten.

Opposition to the terms of 10p a share among the 241,000 investors is being headed for the moment by Mrs. Muriel Gumbel, a lecturer in law at the City of London Polytechnic and a former Mayor of Kensington. She is co-chairman of the provisionally-named British Leyland Shareholders' Association.

The organiser is a secretive Manchester gentleman, Tom Rothwell, who would rather not see any other details of himself in print. "I'm like the man who has got together the football team," he says. "I am simply the postboy."

A postboy with ambitions, though. Apart from scraping together just enough to book a hall which will take 500 (wanting no repetition of the situation on May 9 when the company's own meeting to raise borrowing powers had to be transferred from one London hotel to another because 600 people showed up) Rothwell would like to see the "Leyland" bit of his group's title dropped and the association go on to fight other shareholder battles.

Meanwhile, the present one has an intriguing sidelight. Among the 241,000, one section which may feel more than a little hard done by consists of 203 executives who had shares in BL's incentive scheme.

Under it they paid 5 per cent. of the going market price when entering the scheme, which ran from August, 1970, to July, 1972, when the full price was mostly between 30p and 40p. The balance could be paid at any time. According to the Ryder report on BL the Board can, under certain circumstances relating to termination of employment, restrict the subscription price to the par value of the shares (25p). Otherwise, the balance could be paid at any time, and it appears that BL could only insist on payment on the holder's death. When dividends were going, incentive scheme participants duly received 5 per cent. of the appropriate distribution.

Now, a brief sentence in the Ryder report says that a proposed scheme of arrangement "would also provide the opportunity effectively to cancel BL's share incentive scheme." The 203 have so far paid out £172,000 in all. Understandable, then, that one senior (surviving) executive, fearing he is £2,000 or so out of pocket, says: "There's no joy around here, I can assure you." Perhaps he will be at Mrs. Gumbel's meeting.

Hughes's hopes

"Onwards and upwards and not upwards and outwards" is the rather colourful way Peter Hughes describes his hopes for the next management move. The last has brought him little joy: seven months ago he went as managing director to the Roadships haulage group (the old Ralph Hilton Transport Services) to try and head off some nasty problems.

In the event, he has been unsuccessful, and Industrial and Commercial Finance Corporation, and Barclays Bank have called in the Receiver.

Hughes, an accountant, spent a couple of years in the U.S. and then returned to enter industry with RTZ Consultants. From there he moved to First National City Bank as assistant manager of mining and minerals operations, moving to Truman, the brewers, as finance director.

From then on things have not really gone his way. Truman got taken over by Grand Metropolitan, a move which he supported, and which gave him a seat on the Grand Met Board. But instead of staying with the Trumans operation he helped set up Grand Met's computer service bureau operation. Later, along came an offer for him to take over as financial director of Bovis, the construction and housebuilding group. He accepted, but had barely had time to warm the seat there before the property slump and other problems led to the take-over by P & O, and that left Hughes without a job. The gap was filled by Roadships; despite the last seven months, he has found general management to his taste and sees little attraction in "pure finance."

Selling Spode

Paul Thompson, 39, and American business-school trained, is not sure yet where his future lies. He is group products director for Carborundum Tableware, which means principally the celebrated Spode fine china business now up for sale as U.S.-owned Carborundum faces up to the fact that "opportunities exceed resources," as the group puts it.

Thompson doubles as chairman of Spode, which takes in two other Stoke-on-Trent china factories, Royal Windsor and Hammersley, plus Bathmann, a German lead crystal manufacturer based in the Black Forest. Nine years after taking over Spode (more or less 200 years old, and founded by the discoverer of bone china, Josiah Spode), Carborundum has decided it lacks marketing expertise for the sort of company that can ask £30 for a cup and saucer.

Carborundum is mostly in silicon carbides, high performance plastics, flame retardent fibres and pollution control, and aims on expansion in these areas. Spode's profitability has been inconsistent; on the other hand there have been many approaches on a possible sale. "This is not a forced divestment," emphasises Thompson. "The key factor is we've had many inquiries. We've been pestered, to be honest."

Among those interested, presumably, will be the Wedgwood group, somewhat appropriate when one considers that Josiah Spode and Josiah Wedgwood were apprenticed to the same potter. The most popular lines, Thompson reports, are old dependables first turned out around 1812. New products, when they do come, can be spectacular: the latest offering is a china eagle retailing for a mere £3,690.

At the end of the day, Carborundum may hang on to Spode and the others: it has no intention of letting the China companies with their 1,200 employees go to the wall. If disposal is achieved, will Thompson go along or stay with the Americans? "That depends," he says, "on who we finally divest to."

So sorry

Honeywell, the computer group, tells customers in a letter that the telephone number of a London office has been changed, which "means we will be able to increase the effectiveness of our service to you. We apologise for any inconvenience that this may cause."

Observer

FINANCIAL TIMES SURVEY
Monday June 9 1975

Nigeria

Nigeria is to-day a boom country, a focus of international business interest and a major force among the States of Black Africa. The popular enthusiasm generated by this growing wealth in a nation of complex social structure will require careful direction.

Riches and a united nation

By Bridget Bloom

Africa Correspondent

AFTER NEARLY ten years of *military rule, Nigeria is a very* much richer and much more confident country. The riches *come from oil, now-flowing* in abundance and providing revenue for development almost undreamt of a decade ago. The confidence comes from major crises successfully overcome as well as from more specific achievements of the government of General Yakubu Gowon since it came to power in *August, 1966.*

Of course, the oil wealth boosts confidence too. As any of the hundreds of businessmen daily flying into Nigeria will confirm, the Nigerian economic boom is now a reality and the country, seen against the generally depressed economies of Third World or, indeed, developed states, presents a re*markable picture of economic* vitality. Where else (to quote *only* one of many examples which follow in these pages) can established construction companies afford to turn down contracts worth less than £2m., *so much more profitable business* do they have?

It is hard, in Nigeria to-day, to remember that only five years ago the federal government was up to its neck in debt to the banking system and foreign trading companies and that government revenue, which this year tops £3bn. was then only some £200m. It is in some respects even harder to recall that it was only just over five years ago that Biafra collapsed, thus ending 2½ years of bitter civil war.

No one would deny that problems emanating from the civil war still exist, yet no one should deny General Gowon in par*ticular and Nigerians in general* the praise that is their due for the remarkable success of post-war reconstruction and reconciliation. There are very few signs indeed to-day of the war's physical effects, so sucess*ful has* economic reconstruction been. And on the political front, Nigeria's achievement in *reconciliation is probably—to go* no further back in history—a twentieth-century world record.

After the war, there was not a single political trial, and of those people held by the Federal authorities at the war's end, only three or four remain in detention to-day. Many of Biafra's former political leaders are back in positions of authority, and most of its generals, brigadiers or colonels are retired and active in civilian life, some with Federal pensions. Other former Biafran soldiers are back in the Federal army, while the ordinary ex-Biafran is as free to go about his everyday life as any other Nigerian citizen. It is a remarkable achievement.

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Changes

Nigeria has experienced other marked changes in the last few years. A major cause of the crisis in the mid-1960s, which led to two military coups and to the civil war, was the unworkability of the independence constitution bequeathed by Britain. As an article elsewhere shows, the abolition of the four large regions and introduction of a 12-state federation in 1967 has, with subsequent changes, fundamentally altered the political balance of power. Though its full implications are *obscured by the existence of a* military Government, the changes undoubtedly make for a more stable and more unified country.

In the economic field, the changes have been no less striking. Nigeria is no Kuwait: without oil, with its huge population and vast development needs, the country would be desperately poor. With oil, *Nigeria is not only able, for* example, to afford to introduce universal primary education, but to launch a mammoth development plan whose main aim is to so raise the standard of living of the average Nigerian that the country can move from developing to developed status within two decades.

But within the last five years, there have been structural changes too, most notably through the Federal Government's virtual nationalisation of the oil industry, and its participation in other major sectors such as banking, but also in the so-called "indigenisation" programmes, which have transferred to Nigerian entrepreneurs much business that was formerly foreign owned. Given their scale, these measures have been applied pragmatically, with a minimum of disruption, and do not mean that Nigeria is trying to freeze out foreign investment or trade. They are, however, seen by Nigerians as of profound importance, if only because *they give them that control of* their economy which they lacked before.

Pressure

Nigeria is a country in a hurry and the multitudinous problems it faces now are dealt with in detail in this Survey. *On the economic front, finance* may be no constraint to development, but the pressure on the country's other resources which has been largely caused by its sudden wealth is very worrying. Its infrastructure is groaning under the strain: ports are congested, road and rail transport is inefficient and telecom*munications grossly inadequate,* and although the requisite expansion programmes are all in the new N30bn. (£21bn.) development plan, manpower *constraints, in particular, may* seriously limit the plan's fulfilment.

Another major problem is inflation, which having more than doubled from 6 to 13 per cent in 1974, may now be around *20-30* per cent. The major cause is widely accepted to be the round of wage increases awarded earlier this year following the report of the Udoji Commission, although the decline in local food supplies as well as higher import costs, is also responsible.

Inflation, particularly when *set against the country's sudden* oil wealth, inevitably has political repercussions. Despite the Government's attempts, and its long-term aims, to spread those riches more widely, there is still an enormous gap between the rich and the poor in Nigeria. Since most Nigerians still get their living from the *land, the majority of the poor have little or no voice.* But, in their reaction to the Udoji awards (which were large by any standards) the unionised urban workers showed, only three months ago, that they have a strong grasp of their *actual and potential strength.*

Their possible threat to the Government must be seen in its *wider political context. General* Gowon has now been in power for almost nine years. Yet it is a curious fact that, though a soldier has ruled Nigeria for much longer than any one else, military rule is still considered *an aberration not only by* Nigerian civilians but—at least until very recently—by the military themselves. That may have been changed (it is still too early to be sure) by General Gowon's announcement last October that his self-imposed target of returning the country to civilian rule by 1976 was *unrealistic.*

Criticism

That speech has dampened *political expression* and activity, at least for the time being, but that does not mean that the Government escapes criticism. The most common complaints are that the Government lacks a sense of direction: it is *very common, for example, to* hear businessmen complain of "drift," to listen to former politicians worrying at the lack of national purpose, or students *criticising the lack of an* ideology.

Occasionally a broader and *more subtle point is made: that* though, in the last few years, the Government has introduced what amounts to radical, perhaps even revolutionary changes in the country's economic and political struc*ture, its style is so low-key that* it has failed to mobilise the people behind it and unless it can do so, by one means or another, the nascent "revolution" is likely to prove abortive.

These criticisms are both justified and unfair. They are unfair because Nigeria is an extremely complex state, not

CONTINUED ON PAGE III

BASIC STATISTICS

Area	484,000 sq. miles
Population (est.)	79.8m.
GNP	
Per capita	

TRADE (1974)

Imports	N1.7bn.
Exports	N6.0bn.
Imports from U.K.	£222m.
Exports to U.K.	£368m.
Currency: Naira	£=N1.43

The announcement last October by Gen. Gowon that the military Government had decided not to hand over to civilian rule on the target date of 1976 has provided the country with a new set of political realities to cope with. Resentment at disparities between rich and poor is growing. Power swings from the States to the centre.

The political scene . . .

ON OCTOBER 1 last year, marking the 14th anniversary of Nigeria's independence, General Gowon delivered one of the most controversial speeches of his career. For listeners to Radio Nigeria, the speech—40 pages in printed text—began mildly, with a review of the previous year's accomplishments and continued doggedly with detailed projections of the new Five-Year Plan.

But, one suspects, most of those tuned in that morning heard the Head of State through, such was the expectation that he would say something of real moment about Nigeria's political future. Diligence paid off. Nigerians are a supremely political people, and few will have failed to react to the last ten minutes of the speech. For General Gowon announced that he and his military government did not intend to return to barracks and would not, therefore, meet their self-imposed target date of 1976 for returning Nigeria to civilian rule.

The target had been laid down four years earlier, in the tenth anniversary broadcast just nine months after the end of the war. It was part of a nine-point programme, some of which related to civilian rule, and some had nothing overtly to do with it. Many of these latter tasks had, by last October, been achieved: the Second Development Plan for example, which involved reconstruction of war damage and much else, had not only been launched but was nearly completed; a new formula for allocating Nigeria's revenue—a vital factor in the country's political as well as economic stability—had been worked out; the armed forces were well on the road to reorganisation; and a national population census, though it was not the non-controversial operation promised in 1970, had been held.

The main part of the programme on which Gen. Gowon had made no pronouncement nor taken any obvious action since 1970 was that which referred to civilian rule—in particular "the organisation of genuinely national political parties (and) of elections and installation of popularly elected governments in the States and in the centre." There was thus very great expectation on that October morning that the Head of State would say something momentous on the issue. Not surprisingly, reactions to his speech varied greatly, from shock, pleasure, anger, disappointment or even glee.

Debate

There had been a very considerable build-up to the speech. Nigeria's eventual return to a civilian government had in fact provided the major topic of political debate—except perhaps for the war years—ever since the first coup overthrew the government of Sir Abubakar Tafawa Balewa in January 1966. But discussion—whether in the newspapers, or at learned conferences, or simply in people's homes—gathered momentum in 1973 and in 1974, despite the formal ban on political activity in operation since 1966, there was a great deal of overt "politicking," to use Gen. Gowon's phrase. With other public avenues of expression more or less closed, the Press played a very prominent role: there was hardly a day when the dozen or so Nigerian daily newspapers did not carry their own, or prominent Nigerians' prescriptions for the future.

Not all, of course, were in favour of a return to civilian rule; some businessmen, for example, and, more privately, some soldiers, believed that the military government could ensure greater stability and thus surer development—a view with which the politicians, many of whom had been prominent in the old days, naturally disagreed. But against this background two events, around this time last year, raised the political temperature dramatically.

The first was the delayed publication last May of the preliminary results of the census held in November 1973. The precise distribution of Nigeria's population has always been a vital factor in the country's politics. There was widespread dismay—and disbelief—in political circles in the south when results showed that the population of the six northern States still outnumbered that of the southern States. Other aspects of the census (for example, a registered decline in population in the West) were contested, but its main political effect was probably to undermine confidence, at least in political circles in the south, in the military Government's impartiality. There were several indications of such feelings, most notably expressed by Chief Awolowo, one of the country's most prominent politicians who had been released from jail by Gen. Gowon in 1966 but who had resigned some time before as Federal Commissioner for Finance. But no sooner had the census been published than another major political event began to take shape following the public allegation of corruption against another Federal Commissioner, Mr. Joseph Tarka. Eventually Mr. Tarka resigned, although allegations made against Mr. J. D. Gomwalk, Governor of Benue Plateau State (where Mr. Tarka also comes from) were firmly and categorically rejected by Gen. Gowon himself.

It is clear that Gen. Gowon believed that a number of politicians had used the census issue, and had also masterminded the "campaign" against Mr. Tarka and Mr. Gomwalk, in order to discredit the military Government. He showed his displeasure on October 1. He had concluded, he said, "that those who aspire to lead the nation on the return to civilian rule have not learnt any lesson from our past experiences. In spite of the existence of a state of emergency which has so far precluded political activity, there has already emerged such a high degree of sectional politicking, intemperate utterances and writings which were deliberately designed to whip up ill-feeling within the country to the benefit of the political aspirations of a few. There is no doubt that it would not take them long to return to the old cut-throat politics that once led this nation into serious crises." This, the Head of State said, was not "what the honest people of this country want." In the circumstances, therefore, the 1976 target was unrealistic and "it would indeed amount to a betrayal of trust to adhere rigidly to that target date."

There can be no doubt that on this special issue of civilian rule there has been deep misunderstanding between Nigeria's rulers and the ruled—at least those of the ruled who are politically conscious or who aspire to lead. In retrospect, there was a good deal of naivity on both sides, which the October 1 speech may have done something to dispel. To the Nigerians who stood outside the political arena, as well as to the soldiers, the politicians have often seemed more interested in acquiring power than in wanting to use it wisely.

Yet responsibility for that state of affairs cannot be laid solely at the politicians' door. The military themselves bear a large part of the responsibility for their failure to provide the framework within which the politicians could work constructively. Had the military for example actually appointed a constitutional commission, and indicated the precise perimeters in which the politicians could operate, the situation over the last four years might have been very different.

Abandoned

The military's failure was not to realise that they had to pre-empt a political solution if there was to be any chance of a successful progress to civilian rule. This lesson has, it appears, now been learned, for in the same speech last October Gen. Gowon, declaring that he had not abandoned the idea of civilian rule (but substituting no new date), said: "The Federal Government will appoint in due course a panel to draw up a constitution which, *when approved by the Government*, will be referred to the people in a manner to be determined." (Author's italics.)

But for the time being, open political activity such as 1974 experienced, is no more. Newspapers and politicians alike are quiet—they seemed for a few months until the strikes over the Udoji awards galvanised them into action again—to have been stunned into total silence by the October 1 speech. Such public discussion as there is (and it cannot in Nigeria ever be kept quiet for long) centres on the new programme Gen. Gowon announced on October 1.

This principally involves the "renovation" of the military Government. Phase one was the reshuffle of the Federal Cabinet last January, which brought in more military men. Phase Two—the appointment of new Governors and therefore also new commissioners in the states—is expected daily. Less has been heard of the advisory councils "drawn from a cross-section of the country" which Gen. Gowon said he would appoint to the states and the centre. Likewise, there is no indication of when the promised new states might be created; and no details at all of the proposed constitutional panel.

However, the changed if still uncertain political climate does not mean that there is no criticism of the Government, nor speculation about the future. Corruption, for example, widely believed to be quite as rampant as it was in civilian days, continues to be a major talking point, as does, on a different level, speculation about the military's real intentions for the future.

Corruption, not surprisingly, is a highly sensitive political issue—it was allegations of corruption that led to Mr. Tarka's downfall, while "the complete eradication of corruption in our national life" was one of the nine points of the 1970 programme which every Nigerian would admit remains unfulfilled. Most Nigerians would agree that the aim, as expressed, was unrealistic. Yet, the Government's critics say, no one forced such a commitment on the military. What, they ask, has been done to honour it?

In fact, rather more than has been publicised. Apart from Mr. Tarka's case, the best known is that of two army officers (one of them Col. Benjamin Adekunle, the "Black Scorpion" of the war) who were made to quit the army after they were found to be involved in drug trafficking. But (according to a senior federal official) by mid-1973 "in the State administrations at least 12 civilian commissioners have been forced to resign so far for abuse of office and corrupt practices reminiscent of the past." More recently, three of Nigeria's ambassadors as well as a deputy permanent secretary have been made to resign for similar reasons, while from time to time there have been little publicised cases involving army personnel.

Publicity

Some Nigerians would argue that these cases only touch the surface. Many also ask why, in view of the 1970 commitment, there has been so little publicity over the known cases. It is clear that the lack of publicity is the Head of State's own wish. In a recent interview, General Gowon agreed that in some respects the policy had been counterproductive, which was why he had recently instructed that details of proven corruption against army officers should now be published.

But in general, he said, he stuck by the policy and gave two main reasons. First, Nigeria was a society in which rumour flourished, and if there were too much publicity a witchhunt against the innocent could develop. Those accused had to be given a chance to clear themselves outside the glare of publicity.

The second reason, Gen. Gowon said, was the great difficulty he personally had in getting proof of alleged corruption. In a reply which was strikingly similar to that given by Nigeria's former civilian Prime Minister, Sir Abubakar Tafawa Balewa, in answer to a similar question in January, 1966, Gen. Gowon declared: "I have always said that if anyone has proof they must let me know and provide me with it," but in very few cases had the evidence been forthcoming.

Just as revealingly, Gen. Gowon added: "As a soldier, it is the easiest thing for me to give orders, to be firm and ruthless." It was, he said, "much less easy but much more important to be just and fair."

To many of his Nigerian critics, Gen. Gowon's answer might be found wanting: the lack of publicity, it is argued, lends credence to the view that nothing is being done, while public trials, on the other hand, could act as a deterrent.

The issue is clearly a continuing one in Nigerian politics as—on a quite different level—is the military's continuing role. No one, at least outside the top echelons of the army, is yet sure of the military's intentions, now that it has decided that 1976 is a non-starter. Gen. Gowon refuses to accept that he might himself enter the political arena, which, encompassing the possible "civilianisation" of the army, has been suggested as one way out.

Referring to the "old-style" politics, General Gowon told me last month: "I cannot see myself calling my colleagues names, just because they are in a different political party." But, he added, "I see myself as an honourable soldier statesman. I speak for the nation. I have no constituency, my constituency is the nation." There may be a portent in that, as Nigeria struggles to come to terms with the post-October, 1974, political realities.

Bridget Bloom

. . . and its tensions

THERE ARE few countries in the world where needs and aspirations are simultaneously as great as they are in Nigeria. Though a small proportion of the population is rich, most of it is poor; and much of the latter, thanks mainly to the spread of education and the growth of urban centres, knows that it is poor. The explosion of resentment into strikes over the parities (or lack of them) in the Udoji salary awards—in spite of the considerable absolute gains made by nearly all the groups in the public sector—shows how social consciousness is changing in the country. The resentment endures; and it is being played on by the galloping inflation that has set in after the salary increases.

In pursuing economic growth Nigeria faces the dilemma of countries that have chosen a mixed economy. Not enough indigenes possess the capital needed for large-scale enterprise, while the State has neither the ideology nor the executive capacity required for rapid economic growth. In most developing countries only the State can accumulate the capital required for development. In this respect the Nigerian dilemma is—in many ways happily—compounded by the growth of oil revenues. Unlike other countries the state has enormous capital resources at its disposal—and not the least advantage of this wealth is that the State is able to avoid the odium of taxing its citizens heavily.

The rub lies in the shortage of executive capacity. Skilled and experienced administrators are in short supply. So are public servants who are sensitive to the urgency of development and who are willing to make the personal commitment to their work that the central role they now play demands of them. But the present situation is also compounded—this time unhappily—by the fact that indigenisation measures are benefiting enormously a small section of the already well-to-do who are not yet a true capitalist and productive class and whose wealth is both visible and resented.

The Udoji awards were partly a concession to public servants, especially those in the upper echelons, who felt that they had done much less well out of the prosperity of the economy than their counterparts in the private sector. But more than that the awards were a move to share a new-found wealth with a great section of the wage-earning population that had begun to ask where the prosperity was that was being talked about. Undoubtedly the increased purchasing power which has helped to send prices soaring in the short run will stimulate local enterprise in the longer term. But in the meantime Government has plunged a good part of its revenue into the salaries of the public sector and initiated an incomes policy that may lead in time to all sorts of unfortunate social consequences. Governments in developed countries have mostly halted on the brink of imposed incomes policies. Nigeria's venture into an almost completely unified incomes structure has so far generated much confusion and bitterness and may well take away crucial flexibility in a changing economy.

Schooling

Nigerian oil revenues, large as they are, are not going to be sufficient once greater development gets under way. The case of Iran might well be looked at in this context. Moreover, Nigerian development still has to come to terms with the problem of employment which the steady growth in schooling is making more acute. Capital alone, even if it is available, will not solve the problem of employment. Similarly capital alone will not produce feasibility studies. More of the latter badly need to be commissioned in Nigeria.

In the immediate future Nigeria has to cope with its own success story. But to its people—and in good part because a politically insensitive bureaucracy has not known how to communicate with the public—the story is not always heard as success. The newspaper reading public is largely convinced that the jam at the port of Lagos/Apapa is due almost entirely to incompetence and corruption. The more sophisticated critics talk about the lack of planning in the ports. Yet it would be easy to explain with some pride that Lagos/Apapa was handling twice the amount of cargo that it was built for. Moreover, not only has there been little time for planning since the civil war but imports have grown much faster than the most expert analyses predicted. But the distorting effect of the imports situation and the hardships caused by the shortages of petrol, gas and kerosene have been considerable factors in alienating sympathy from the Federal Government. Another alienating factor is corruption. Proportionately the corruption that exists under the military regime is smaller than existed under the old civilian regime. But some of it is excessively visible. And the gallant military promises to eradicate corruption are remembered only in order to rub in the impotence of the Government to do anything about it.

If one draws attention to the problems that face Nigerian Government and society as the bureaucracy fails to move towards the efficient administration of development, as class cleavages grow and fester, and as corruption casts a discrediting pall over the image of authority, it is still important to remember that Nigerians put law and order before economic development or social justice. The present regime has provided a stability that is greatly valued. Only two immediate threats to the regime seem possible. The first is another upsurge of labour troubles that halts the modernising sector of the economy and that forces changes in government (including a firm date for civilian rule). The second possibility is a move in the army against the present leadership, because there are many top officers who detest the existing corruption and who resent also being held responsible for the inefficiencies of the Government, particularly the current shortages.

The first threat seems more real at present than the second. But it depends on many imponderables, and it may take shape or not according to the course of the economy and the rate of inflation during the next two years. To deal with the second threat conciliation moves have been undertaken within the army recently. Moreover, the army as a whole is not in a hurry to endanger its privileged position (it is well aware of civilian hostility to its salary structure) just as it is not in a hurry to endanger its unity in seeking new political leadership.

Centralised

Overall the country has gradually been centralised within the new Federal system. Not only has central revenue grown (though the new fiscal arrangements give more revenue than before to the States) but central power has taken over matters that range from the determination of salaries to that of tax levels and control of institutions ranging from the police to the universities. In the process a certain growth of national identity is taking place. But ethnic suspicions and geographical imbalances in education and resources remain. They may be complicated by class and labour troubles, which like the ethnic tensions are more polarised around the centre now than they were in the past. The unresolved census issue also ticks away. Nigeria is much more than most developing countries set fair for progress. But it must deal with many ill winds yet.

By a Correspondent

The revenues now flowing as a result of the oil boom have removed the financial barriers to Nigeria's development. However, the country's manpower resources and infrastructure have been put under severe pressure.

Economy

ANYONE WHO has followed the progress of the Nigerian economy over the past few years will have known that, just about now, there would be an oil boom. Even so, one can only *be astounded* at the complete turn-round in the country's economic fortunes. Nigeria is a large and populous country and its development needs are immense. But it is now in an almost unique position for a developing country: finance is no constraint to development.

In the middle of the civil war, total Federal Government *revenue was around £170m. It* had risen by only some £30-40m. at the end of the war, when foreign reserves had sunk to less than £40m.; the Government's indebtedness to the banking system was some £170m. and there was a backlog of trade debts of some £100m.

This year, Federal Government revenue, after allowing for an *allocation of* £910m. to the states, totals £3bn. (N4.2bn.). In April, the country's reserves stood at £2.4bn. (N3.5bn.) and next year will reach £3.5bn. (N5bn.). The Federal Government is now a net creditor to the banking system—all trade payments have been completely freed—and capital expenditures for the year ahead are estimated at £3.4bn. (N4.9bn.).

It is a remarkable change, which is almost entirely the result of increased production of and higher prices for oil exports, which now account for over 90 per cent. of all foreign exchange earnings. The non-oil sector has in fact continued to do badly in the past five years, incurring a rising deficit which last year amounted to N1.2bn. (£868m.) though the overall balance of payments surplus was N3.6bn. (£2.5bn.).

Problems

Inevitably, so much money brings its own problems. The most serious at present is the almost intolerable pressure created on the country's other resources. Nigeria's planners and *its* military government have, as the introduction last April of a N30bn. Development Plan shows, rejected the possibility that the country should keep its spending very significantly below its income. The country is in a hurry, and though reserves are being built up (and for the most part cautiously invested in a mix of sterling, *dollar* and *Deutsch*-mark holdings) the government intends to spend all it can (some would say more than that) on development.

The most obvious example of the current pressure on resources has been the congestion *at the country's ports* which has resulted in serious shortages of consumer and capital goods throughout the economy. But the problem is experienced at every level of the country's infrastructure; there are not enough roads to cope with increased traffic, not enough cement to keep building *programmes going, too few* telephone lines for the business offering; and power, water and other services are inadequate to current levels of demand.

But if the country's infrastructure is bursting at the seams in its effort to cope with *the new economic situation, the* pressures on other sectors are equally great. The country's *agriculture, for example, based* on peasant export crops and peasant food production, has lagged badly; with the result that the food import bill has risen dramatically. And overall is the problem of manpower: in the absence of financial constraints, the biggest bottleneck to the long-term development of the economy is likely to be the *shortage of men and women* with the skills needed to put Nigeria's huge resources to good use.

However, as last April's budget made clear, the major short-term problem is inflation. Last year, the rate of increase in the composite consumer price index more than doubled from 6 to 13 per cent. Esti*mates for the rise in the first* quarter of this year vary from 25 to 40 per cent., the major new inflationary factor being the round of wage increases at the beginning of the year following the report of the Udoji Commission. Civil service salaries rose by 30 to over 100 per cent., with awards backdated to April, 1974—that portion being given in a taxfree lump sum. Large increases were also awarded in the private sector, and in April this year the armed forces also got their "Udoji." The effect was immediately felt in the market place, with consumer goods prices often doubling or trebling as such things as electrical goods ran into short supply. (Such has been the "infrastructural" strain that replacements have often been flown in—as, for example, components for the newly opened Peugeot vehicle assembly plant in Kaduna.)

Nigeria has, of course, also imported inflation—to the point where Dr. Isong, the Governor of the Central Bank, has doubted (in a speech in March, before the budget) whether further *reductions in import duties* would substantially reduce imported costs. The failure of food production to keep abreast of increased demand has also been inflationary.

The April budget's main concern was to attempt to curb *inflation. Import duties* on building materials (in short supply) were reduced from 50 per cent. to a maximum of 20 per cent., while duties on basic food items such as salt, rice, tomatoes and meat were generally reduced to 10 per cent. The ban on imports of such food-stuffs as stockfish *(dried cod)* and corned beef was also lifted.

Emphasis

Since, as Dr. Isong said, it was decided that little could be done to curb demand generated *either by Government or* worker spending, the emphasis has been on increasing supply —*whether of imported or* locally produced goods. To help the latter, excise duties have been lowered, as has company taxation (profit tax is now 40 against 45 per cent.). A number of measures were also introduced in an attempt to encourage local food as well as general agricultural production, notably through increased *prices to farmers.*

Whether these measures can be effective is doubtful, for although Nigeria's planners are probably right in thinking that wage levels can now be held, at least for a time, the infrastructural constraints remain a bottleneck to the short-term increase in supply, and meanwhile the government has launched *its N30bn. Development Plan,* which envisages expenditures of ten times the size of the previous Five Year Plan.

The aims of the new Plan are sound if unexceptional. The central aim "is to achieve a rapid increase in the standard of living of the average Nigerian, thus putting Nigeria in the list of developed countries of the world" within the next two decades. Though it is intended that "the size of the Plan (will) ensure a radical transformation of the economy during the Plan period," it is recognised that to raise Nigeria's present per capita income of some N200 to *N700, the lowest level presently* enjoyed by developed states, will take 20 years.

An annual growth rate of 9 per cent. is planned for the economy, with a 8.5 per cent. annual increase in per capita income. While productive investment (particularly in agriculture and heavy industry) is emphasised, "serious effort," to quote the Plan, "has been made to emphasise those sectors which affect the welfare of the ordinary citizen—housing, water supplies, health facilities, education, rural electrification and community development."

The Plan is analysed in detail elsewhere in this survey. The usual critique (applicable, for example, to the last plan) of whether it can be afforded does not apply. Now the main question is: can it be implemented? The planners themselves accept that the figure of N30bn. is "nominal" and that the "effective" amount to be spent is N20bn. Even so, that sum, and the programmes it is to finance, are huge. The major, and potentially crippling, constraint, will be manpower.

There is hardly a sectoral analysis in the Plan which does not emphasise the manpower constraint. In the key oil sector, for example: "the low level *of indigenous technology* and the shortage of indigenous high-level professional manpower are acute." Transport: "There was a serious lack of executive capacity even for implementing the relatively modest transport sector programme of the 1970-74 period." Post and Telegraphs: "The scarcest resource in the P. and T. is adequately trained manpower at both engineering and technical levels . . . the number of engineers is grossly insufficient to properly sustain the present telecommunications network . . ." Health: "Critical *shortages exist in the essential* categories of health manpower . . . shortage of doctors con*tinues to be a major problem.*" And so on.

Clearly, the government itself is aware of the problem, and the Plan includes programmes for manpower training at all levels. The Plan also declares that Nigeria will have to import *manpower, and recently,* to the relief of foreign business operating in Nigeria, there has been a considerable relaxation of the quotas operated by the Ministry of Internal Affairs to control the number of "expatriates" in the country.

*But even were Nigeria to de*cide to import and pay for the additional skilled manpower it needs (and there are considerable political problems in so doing) there are still serious difficulties. The first of course is whether the needed foreigners would come; the second *is* whether they would be of high enough quality—not just to do the jobs required of them, but to train Nigerians. A third problem which also concerns the planners is what sort of manpower Nigeria is itself *training, for inevitably* crash training programmes lower efficiency, and there is concern lest the educational system turns out "half-baked products," to quote one senior official.

Resolved

In these circumstances, it is hard indeed to agree with the *Plan's* statement that "it is confidently expected that by the end of the Plan period the problem of shortage of high level and intermediate manpower will be largely resolved." With very great care and some luck, it could be largely resolved within the two decades set for the achievement of "developed" status.

Meanwhile, however, there can be no doubt that Nigeria's prospects for development are the best in Africa, and that the economy, even now, is among the most dynamic in the whole of the Third World. The very substantial opportunities this *opens up for foreign trade and* investment are covered in subsequent articles.

Bridget Bloom

Riches CONTINUED FROM PAGE 1

just in its size, ethnic diversity, differences between north and south, nor even in the problems following the war. It is difficult *to think of a more exuberant,* individualistic, political and vital people than the Nigerians. But this makes Nigeria neither easily disciplinable nor governable. Anyone who attempts to govern the country must tread warily, forever conscious of the need to balance one interest against another in the interests of all.

This is certainly what General Gowon has attempted to do with some success—and not just in the sense that he has now been at the head of Nigerian affairs longer than anyone else, although that is no mean achievement. But Nigeria under his rule is the least military of military states. Soldiers are not omnipresent; no one looks over his shoulder before saying what he thinks of the government, the Press (even if from time to time editors temporarily cool their *heels in jail)* is remarkably free and so, in the day to day fulfilment of his business, is the individual.

Justified

But the criticisms are justified on other levels. One is that General Gowon's "consensus" and essentially low key style of government often leads to inefficiency. There are *numerous examples of vital* decisions delayed while "interests" are balanced: the siting of the second oil refinery, which could now be preventing the current petrol shortage, is one. The failure of the military Government to do anything about Lagos, the Federal capital, where life becomes daily more intolerable for its inhabitants, *may be thought* an even more serious result of "drift" in government.

The failure to deal—or rather, to be seen to deal—with corruption is another. More has in fact been done to discipline *those found guilty of corruption* than is generally known, but as indicated elsewhere, the lack of publicity surrounding these cases is a conscious decision by General Gowon himself.

Likewise, General Gowon is criticised for delays in political decision making, not just on the return to civilian rule (which is a special case) but even in the *more limited sphere, for ex*ample, of reshuffling the Federal cabinet, or appointing new Governors to the States. These measures, and others announced last October, are clearly intended to provide the much needed "new broom" to gal*vanise the* States and centre alike into meeting the new economic and social challenges posed by Nigeria's greatly increased income. But there are many Nigerians (intending no disparagement to General Gowon's achievements) who wonder whether military government, or at least this style of military government, is the right tool to galvanise the nation into action.

Part of the problem is that the present government has been principally an alliance between the military and the civil servants, neither of whom (in any country) is trained to or is particularly adept at interpreting the will of the people. An attempt has been made to involve civilians in government, mainly through the appointment of civilian commissioners at Federal and State level. But the ultimate weakness of their position is that they are not elected and therefore in the end represent *no one*—or only the government which appointed them.

Perhaps, in such a rapidly changing society, it is inevitable that there is a gap between the military and the people. One aspect of the gap is illustrated by the Government's handling of the new Development Plan, the most important Nigeria has *ever had, which, on the govern*ment's own reckoning, requires the total involvement of all *Nigerians. Yet the key speech* which the Head of State made to launch it was couched in the language of the civil service which could have been only minimally understood, if at all, by the average Nigerian. (One wonders what a Nyerere or a Castro might have made of the occasion!)

Strikes

On a different level, one comes back to the strikes following the Udoji wage awards and the Government's *reaction to* them. Ostensibly, workers resorted to industrial action (despite laws making strikers liable to prison sentences) because of the *differentials involved* in Udoji. But they were also expressing their more deep-seated resentment at having, hitherto, been left out of the "oil bonanza" and perhaps also their resentment at being left out of the political process. Yet General Gowon described their action at one point as "unfair." Clearly, the military expected praise, not brickbats, for increasing workers' wages.

Expectations throughout Nigeria are rising fast and the danger is not simply that the military Government may be unable to control them, nor even that it *will* be unable to fulfil them quickly enough. The main problem is that the Government may fail to channel to really productive use the enormous energies which those expectations represent. How to accomplish this without social upheaval *will* be the major challenge of the next decade in Nigeria.

The high level of international business interest in Nigeria continues unabated. Nigerians themselves are thinking big in terms of buying overseas, though the British are finding the going tough. Manufacturing domestically is buoyant and capital can be raised locally at 6 per cent.

Business boom

BRITISH CALEDONIAN'S Sunday 707 flight from Gatwick to Kano and Lagos was an excellent introduction to the business mood of Nigeria. Not only was every seat taken: almost every seat was taken by businessmen, either British salesmen engrossed in background studies of Nigeria, or returning Nigerian businessmen reading complex management studies literature. There was hardly a woman or child to be seen, and scarcely anyone had time to watch the in-flight film.

The signs of a business boom are visible everywhere in Nigeria from the first traffic jam outside Ikeja airport onwards. Nigerians are thinking big: the librarian of a school library in one of the state capitals told me he was going to London to buy some books; his budget—N120,000. Elsewhere it tends to be millions, or even billions, and Nigerians have developed a habit of expressing everything as a decimal of a million—"Last month," a port manager told me, "we unloaded point one million tons."

Nigeria is a massive export market, and an astute businessman should be able to spot potential contracts in almost every one of the articles in this Survey. To take just one example: the universal primary education project means building 150,000 new classrooms, 180,000 houses for teachers and up to 180 teacher training colleges. Each school and college will need pens, desks, blackboards and teaching aids, while exercise books and textbooks will have to be provided for the extra 6.75m. children, all of whom will be taught at least partly in English.

Decline

This is quite a good example, because it emphasises the fact that English is the official language and the lingua franca of Nigeria. The depressing fact is that, despite a massive influx of British businessmen into Nigeria in recent months the British share of the market is in decline. It is sometimes claimed that the total market is growing so fast that a relative decline is inevitable, but this does not explain why other countries, notably West Germany and Japan, have succeeded in increasing their share of the market.

Thus, while Britain had 30 per cent. of the market in 1970, the proportion was down to 27 per cent. in 1973 and was around 25 per cent. in 1974. By contrast the share of the market held by EEC countries excluding Britain rose from 26.8 per cent. in 1970 to 35.1 per cent. in 1974, and Japan increased from 6.3 per cent. in 1970 to 9.2 per cent. in 1974. Total British exports to Nigeria were estimated at £222m. in 1974, compared with £114m. in 1970.

One factor in the fall in Britain's share of the market has been the long delivery dates caused by the over-expansion of the British economy in 1972-73. The effects of this are still being felt, while another factor—the relatively high price of British goods—is now beginning to make them less competitive. There are lots of stories of successes by British businessmen in Nigeria, but there are too many tales of salesmen being put off by the heat (which is admittedly appalling) or not being prepared to work on Sundays or being unable to convince their masters at home that Nigeria is what they say it is, to totally discount the view that many British companies take a complacent view of the opportunities in Nigeria. The Trade Secretary, Peter Shore, visited Nigeria in February, obviously hoping to underscore the importance the Government gives to Nigeria's trade prospects, although it is early to tell what results may have been achieved.

The mood in the manufacturing sector in Nigeria is as buoyant as one would expect, though flecked with a few anxieties about the future. Large-scale operations are usually run and partially owned by expatriates, although many of them have sold 40 per cent. or more of their equity to Nigerians in compliance with the 1972 indigenisation decree. Almost every company has big expansion plans. To take a few companies at random, Bata, which has a big share of the mass-produced shoe market, is building a new plant at Kano in addition to its present one at Lagos. Next it hopes to expand in the west.

Cadbury Schweppes, which makes food products in the Lagos area, is setting up a tomato puree plant at Zaria in North Central. Guinness, which brews Guinness near Lagos, is expanding its Harp lager plant at Benin in Mid-West by 50 per cent. only a year after it opened. The company believes Nigeria needs three to four big new breweries to eliminate the need for imports and to meet future demand.

In the main companies like these finance their expansion locally, either by borrowing short or medium term from the clearing banks or simply out of cash flow. There is no need for capital from abroad (even if it were available) when prime rates in Nigeria are around 6 per cent. Despite the pervading spirit of capitalism in Nigeria, companies do not make much use of the Lagos Stock Exchange. A number of companies sold part of their equity under the indigenisation decree through the Stock Exchange, but most preferred to sell it privately because the Capital Issues Commission, which vetted issues, made them sell at prices which they considered too low. Another factor was the high cost of making an issue.

Financing

The Capital Issues Commission still vets all issues and if buyers offer prices for shares above what the Stock Exchange considers right the deal does not go through. The result is that turnover on the Stock Exchange is very low indeed and shareholders are given very high dividends—sometimes as high as 100 per cent. But while the stock exchange is now rarely if ever used as a medium for raising new capital, the newly arrived merchant banks will gradually be playing an increasing role in mobilising funds for expansion. They are also expected to play a part in financing projects such as agricultural schemes in which the Government is going into partnership with private enterprise.

Despite the boom in sales and the relative ease with which money can be raised companies in Nigeria face several major problems. Costs are rising steeply—wages have gone up sharply with Udoji, and other costs, like lorry freight rates, are rising by up to 60 per cent. The infrastructure is relatively weak, with telephone calls hard to make, transport in short supply, and water and electricity supplies unreliable in some areas.

The rise in wages and the growing power of the trade unions have made some companies consider switching to capital, rather than labour-intensive methods of production in future, even though they are aware of a moral duty to maintain employment. The shortage of skilled labour hinders efficiency and reduces output per man, a situation aggravated by the need to promote the cadre of skilled men faster than is ideal as companies expand. Skilled men can also be lured away to other companies by better offers.

Other problems include the somewhat uneven application of Government policy, including price control. The shortage of brewing capacity is at least partly due to price controls on beer which have eaten into profit margins and reduced the incentive to expand. The brewers won a price rise earlier this year but have since been hit by wage rises and higher transport costs. Paradoxically, other industries, such as the shoe industry, are not subject to price controls at all.

Restrictions on foreign exchange payments have lately been lifted, making the import of capital equipment much easier, but the slowness of getting customs drawbacks on exports discourages many companies from exporting, which is a pity because Nigeria could sell manufactured goods to much of the African market. Another problem which affects industry is the establishment by the States of plants which compete with private enterprise but which are primarily designed to boost employment. For example, several States have set up textile plants, adding to the already excessive textile producing capacity of Nigeria. Fortunately these do not at the moment represent very stiff competition because of the low quality of their output, but this situation could change.

Nigerian officials are very keen to attract more foreign investors to Nigeria. Although foreign companies should have at least a 40 per cent. stake in in the business the Government will in some cases allow this to be provided in the form of capital equipment, so that the working capital can be raised cheaply locally. In some cases companies may be granted pioneer status—in other words favourable tax conditions if the company is operating in a technological field or is pioneering the use of local raw materials.

Licence

New manufacturing industries may also be given protection against imports. For example, cars similar in size to those being produced at the new Peugeot and Volkswagen plants can only be imported under licence—the quotas being fixed according to an official assessment of market needs and the likely local output.

The indigenisation decree naturally reduced the share of profits which could be repatriated, but the growth of profit margins may have done something to outweigh this. The working of the indigenisation decree is discussed in another article but the Government is making clear that indigenisation is not likely to be extended at the moment, the emphasis being on consolidation by Nigerian businessmen. The trend is, if anything in the opposite direction with companies being allowed to increase the numbers of expatriates they employ.

James Buxton
Foreign Staff

Despite being the world's seventh largest oil producer, Nigeria has been desperately short of petrol for much of this year. No one foresaw the boom and the increase in motoring that followed the 1973 oil crisis.

Petrol shortages

NIGERIA IS the world's seventh largest oil producer; oil is the engine of Nigeria's economic boom; yet for much of this year, Nigeria has been desperately short of petrol. Angry motorists in four-hour queues, transporters, the railways, manufacturers, all have suffered, with a greater or lesser degree of exasperation, as the one product which Nigeria ought, by any rational calculation, to have enough of has remained in short supply.

The really bad days were in March and April. Things have marginally improved now, and ought to be a good deal better in the course of the next month or two. But the fuel shortage illustrates better than almost anything else the penalties of boom conditions in a developing economy, especially where decision-making is often far too cumbersome.

To be fair, the underlying problem is due to factors which no Nigerian could really have foreseen. It was obvious in 1970, immediately after the civil war, that the size of oil revenues and thus the level of development and the demand for fuel was going to increase very rapidly, but none foresaw the incredible rise in revenues which followed the Middle East crisis in late 1973. The effects of these revenues have been felt through the economy, whether in a much greater than anticipated jump in imports of cars and trucks, or in steep rises in demand for fuels of all sorts. But the system would probably have failed to cope even with the anticipated post-war expansion.

At the core of the problem is Nigeria's own refining capacity. The Port Harcourt refinery was completed in 1965 with a capacity of 38,000 barrels a day. At that time, it fully met internal needs, but even with post-war expansion to 60,000 b/d, it has long been grossly inadequate. The Second Development Plan, launched late in 1970, envisaged a second refinery with a capacity of about 60,000 b/d, which, the Plan declared "will sell some of its products on the local market and export the surplus." However, that refinery and a third which began to be discussed two or three years ago—has not yet been built.

Political

The delay has been partly for bureaucratic but mainly for political reasons. Warri, for example, has long been the obvious site for a second refinery but (like many other large and prestigious projects in Nigeria) there were other contenders, in other States, who wanted the refinery. A final decision from the top echelons of Government was in this case delayed for a vital 18 months while new consultants re-examined the project—only to come to the same conclusion. Warri, with a capacity of 100,000 barrels a day, is now due for completion in 1978. A third refinery at Kaduna (70,000 b/d) is due to come on stream towards the end of this plan period in 1980.

Meanwhile, there were a number of specific reasons for the petrol shortage. The Port Harcourt refinery's annual overhaul, which normally results in a month's closure, this year lasted nearly 10 weeks, from January until the end of March. Apparently unexpected technical snags developed. Then there were delays in ordering the necessary imports to replace the refinery's products, and, with all Nigeria's ports clogged (there is still only one oil berth in Lagos) the arrival of tankers was delayed.

In mid-April, the Government finally got to grips with the problem and announced a programme of short, medium and long term measures to deal with it. Imports have since been stepped up, with priority given to offloading fuel. A berth at Apapa, originally designed for palm oil is being converted for petroleum products: it should be fully operational by the end of this month. The Government is making an effort both to improve the distribution of petrol (some of the worst motorists' queues were in the north), while severe penalties for those found hoarding petrol have been introduced.

Medium term measures are principally designed to ease the shortage until the new refineries come on stream. Three skid mounted refineries—one at Port Harcourt with an additional 20,000 barrel a day capacity and two in the Mid West with 5,000 b/d each are due for completion within a year. Meanwhile, the National Oil Corporation is negotiating with neighbouring refineries, particularly in Ghana and Cameroun, to refine for Nigeria, and says it will charter two additional tankers to serve the ports in the Mid West and South East, which are less congested than Lagos or Port Harcourt.

Pipeline

In the longer term, the new refineries will be backed, according to the development plan, by "construction of pipelines, erection of depots, development of terminals and the acquisition of a tanker fleet." Specific proposals include a crude pipeline from Warri to Kaduna, a product pipeline from Warri to the Ibadan/Abeokuta area, and another pipeline from Port Harcourt to Enugu and Makurdi, in Benue Plateau state.

There are much more grandiose plans. According to the Third Development Plan "two export refineries each with a refining capacity of 300,000 barrels a day will be built in Nigeria in the Third Plan period." While this sort of export-oriented oil policy makes obvious sense, Nigerian motorists are likely to be content with more moderate achievements which will ensure that reasonably cheap petrol is available on demand at pumps throughout the country.

Bridget Bloom

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Nigeria is in a happy, if embarrassing, state of uncertainty over whether it can spend all its massive oil income, which last year brought the Treasury some £3.2bn. The Government has taken control of the entire industry either directly or through majority shareholdings. Gas and fertiliser potential is being developed.

Oil developments

TO-DAY, NIGERIA'S oil bonanza, for so long on the horizon, is a reality. Were it not for oil Nigeria would probably be in a more parlous state than any of its poor West African neighbours. With oil, it is in that happy if sometimes embarrassing state of not being sure it can use all the money it has.

Production of crude oil has risen from 245 tons in 1958 to over 100m. tons last year. The rise in revenue is even more dramatic. Accounting for less than £20m. a year before the civil war, oil last year brought into the State's coffers a staggering £3.2bn. (N4.57bn.) or well over 80 per cent. of total Nigerian income.

Looking back over the last five years and looking, for a moment, beyond the huge increases in production and income, the most important development in the industry has been the Nigerian Government's determination to control it. At the end of the civil war, the Government's financial stake in the industry was confined to a shareholding in the Port Harcourt refinery, run by BP-Shell. To-day, the Federal Government controls the whole industry, either directly or through majority shareholdings, from exploration through to production, refining and marketing.

The policy was spelt out in the Second Development Plan (1970-74) one of whose major objectives was to give the Government control of the "commanding heights of the economy." Specifically, the plan declared that Government involvement in the oil industry had become "mandatory . . . Government will participate in the three phases of the oil industry viz.: exploration and mining, refining and distribution and marketing."

Exploration and mining came first. Immediately after the war (partly, it was felt at the time, in revenge for the French Government's support of Biafra) the non-producing French Safrap (now Elf) became majority Nigerian owned, and soon after agreements with Agip/Philips provided for majority Government participation. But the major producer and investor has always been Shell-BP and, following long negotiations, the Federal Government took a 35 per cent. shareholding in the company as from April 1, 1973. Similar terms were then agreed with Gulf and Mobil, at the time the only other producers.

Options

A year later, however, despite clauses in the 1973 agreements which gave the option to acquire a controlling interest from 1980, the Federal Government announced that it was taking a further 20 per cent. shareholding in the three companies. Thus it now has a 55 per cent. interest in Shell-BP, Gulf, Mobil, Agip/Phillips and Elf, and options of majority participation in all the other companies, currently only at the exploration stage, when they find oil in commercial quantities.

There has been another notable development in the exploration and production field. In 1970, the Federal Government announced that it would award no further concessions to private companies. Some 2,500 square miles of concessions surrendered in 1968 were reserved for the state owned Nigerian National Oil Corporation (NNOC) which subsequently entered into a production sharing contract with the American independent Ashland: though Ashland lost a rig offshore, soon after it started, its onshore operations along the border between the East Central and Mid-West states are expected to yield some 20,000 b/d within the next few months. Ashland, which bears the exploration costs, takes in return 35 per cent. of crude produced.

Government has not published figures for the total cost of its acquisitions, although according to the Third Development Plan N542m. (£379m.) is to be spent between now and 1980 on the acquisitions of shares in Shell-BP, Elf, Gulf, Mobil and Agip—and the NNOC is expected to put up N116m. in exercise of its option rights in the other companies, assuming all of them strike commercial oil in the next five years. An estimate, unconfirmed by the Government, of $377.5m. in payments so far to Shell BP was recently given by Petroleum Intelligence Weekly; as far as is known, payments have yet to be made to Gulf and Mobil.

Marketing

The Government has moved too on the marketing side. While Shell and BP combine for exploration and production (as well as in the refining exercise, where BP was the senior partner) they operate separate marketing organisations. Shell is by far the largest and earlier this year the Federal Government announced that it was to take 60 per cent. of the Shell marketing company as from April 1. Already the logo of the new National Oil Marketing Company (NOMCO), a stylised eagle, has begun to replace the familiar shell on petrol stations. Discussions for a similar deal with other marketing companies are underway, although it is not yet clear whether the Government intends eventually to establish a monopoly of product marketing.

But if Nigeria now has financial control of the oil industry, not surprisingly it faces a number of operational problems. The most significant is probably manpower. Though the oil industry is now nearly 20 years old—and though Shell-BP and subsequently the other producers have always had important training programmes for indigenous personnel—there are still not nearly enough Nigerians qualified even to supervise let alone run such a key industry. There is not a single expatriate adviser either in the Ministry of Mines and Power (soon to be the Ministry of Petroleum and Energy) or in the NNOC, but though both those bodies include some exceptionally capable people, they tend to be overstretched and for example, though NNOC and Government representatives have a majority in the management committee which supervises all major policy decisions of the companies, in practice little has changed. The producing companies, despite Government control, still make the day-to-day decisions on investment, management or production policies.

One area where the Government has made its influence felt however has been pricing and to an extent production. There can be no doubt that the country's oil managers were taken aback by the sudden price increases following the 1973 Middle East crisis. Though a member of OPEC, Nigeria did not follow the Arab states in cutting production, but within two months, the Nigerian posted price, in line with, though slightly above the Gulf basic price, had jumped in three dramatic stages, from $4.28 a barrel on October 1, to $8.31 at the end of that month, and then rapidly to $14.69 at the end of December. (It is, as of April 1 this year, now $12.06.)

At that time of course the major question was what Nigeria would ask for its equity and royalty oil. In early December 1973, in response to suggestions that the Government would auction its oil to the highest bidder, oil men jetted into Lagos only to discover that the price being asked was $18 and upwards. At one stage it was even rumoured that a buyer had been found at $22. These prices proved totally unrealistic even then and gradually over the past year conditions began to change to Nigeria's disadvantage.

Nigerian oil, which is of a lighter specific gravity, less sulphurous and geographically nearer to the main markets, has always carried a price premium over Gulf light crudes. But in the last year three main factors have eroded Nigeria's special position. First, the cost of tanker chartering has fallen dramatically, second, the United States, which still takes more than a third of Nigerian production, has relaxed its laws on pollution and, third, oil supplies became more plentiful as the Arab states gradually restored production and oil conservation measures among consumers have begun to take effect. The Nigerian posted price, let alone anything higher, began to be increasingly unrealistic.

Nigeria has so far met the situation in two ways. Most of its own oil has in fact been sold back to the companies (whether or not it is official "buy back" oil or "free" oil) at less than the posted price. For most of 1974 the price was $13 a barrel, which dropped to around $12 at the end of last year, and is now at $11.60.

Secondly, Nigeria has cut back production from a peak last year of 2.3m. barrels a day (about 120m. tons a year) to 1.8m. b/d in the first quarter of this year. The cutback has been achieved, first by the total stoppage of the Texaco operation, which both the company and the NNOC considered uneconomic, and then, late last year, through a cut in Gulf's production of some 150,000 b/d to around 230,000 b/d.

A number of questions remain, the most important of which from the Nigerian Government's point of view is the relationship between pricing and production policies and Government revenue. Budgeting for recurrent expenditure and for the Development Plan appears positioned on a rough Government take per barrel of $11, and while there is some margin (it is for example highly unlikely that the Government will actually be able to spend all of its projected N20bn. investment in the five years of the present plan), obviously the Government is concerned to maintain the current take as nearly as possible.

So far, through adjustments of the posted price and taxes on the companies, it has been able to do so, although it could be that on the current posted price of $12.06, even though royalty and profits tax have been raised, there could be a small decrease. But if the posted price comes down further, or if, as is suggested, Nigeria scraps the present complex pricing and taxing system in favour of a flat rate as some other OPEC states have done already, the calculation uppermost in the minds of Government officials will be to make sure that overall revenue does not slip far behind projected totals.

Cut-backs

What are the Government's longer term plans for the industry? It is clear that the production cut-backs of the past few months, while partly aimed at bolstering prices, are also conservationist. "Nigeria is presently so overwhelmed by her crude oil resources and the foreign exchange earnings resulting," said the Second 1970 Plan with some candour; "that it is often forgotten that oil is an expendable resource, and that the more it is exploited the less there is for use in the future." Five years later, that message is being translated into action, not just by cut-backs but through huge investment programmes aimed at discovering new reserves.

Known reserves are estimated to last for about 30 years, but the third plan puts direct investment of N270m. into NNOC exploration, with upwards of N600m. going into the other companies during the Plan period. There are also very considerable investment programmes for other minerals, whether those, such as tin and coal, which are currently being exploited, or into research on known or so-far undiscovered deposits of other minerals.

It is not yet clear if or when Nigeria will decide on full nationalisation of the oil producing companies, but it has ambitious plans for the development of oil associated industries, and for oil distribution and marketing. As the article opposite indicates, Government-owned pipelines are to be built to link the main producing areas with the major consuming areas in the country; two export orientated refineries are projected while according to the Third Plan, NOMCO, the State-owned marketing company, will establish "a tanker subsidiary to carry about 20 per cent. of the production during the Plan period." Initially the fleet will be on long term charter, possibly with an option to buy.

Three associated groups of industries are planned—a petrochemical complex, a nitrogenous fertiliser plant, and two liquefied natural gas plants. Between them they involve a total investment of N1,630m. (£1,140bn.) although it must be doubted whether they will get off the ground before 1980.

Of the three, the LNG plants are probably furthest advanced, in the sense that outline agreements have already been signed with Shell-BP and with Agip Phillips. These provide for a government 60 per cent. shareholding and each plant (one at Bonny and the other at Forcaros) could cost up to $1bn.—by far the biggest single investment ever contemplated in Nigeria. But there are immense problems, which have already caused very considerable delays. Among the most serious is marketing—probably only the United States could buy the vast volume involved, yet the market there is by no means certain. The plants could also be hit not only by inflation (estimated costs were very considerably lower when the plants appeared in the Second Plan) but also by the world's changing energy picture, with the possibility of a major shift in consuming countries, for example, to nuclear sources of energy and away from oil and gas.

Yet, if the problems can be overcome, the plants make great sense for Nigeria, which currently flares over some 2,000 cu. ft. of gas a day, or 97 per cent. of its gas "production."

Associated with gas but separate from the LNG plants are the projected nitrogenous fertiliser plants which would produce 450,000 metric tons of ammonia and 260,000 metric tons of urea annually.

Production of the industry, which would be sited near the LNG plants to use tail gas from them, could, according to the Plan, be greatly increased to meet world as well as internal demand. About N70m. has been allocated to the projects on which work, according to the Plan, will begin "as soon as the technical partners are chosen." Production is expected to start by 1977.

Technical partners have still also to be chosen for the petrochemical complex for which "a tentative sum" of N300m. has been earmarked. Following preliminary studies, tentative production targets have been set at 40,000 tons each of caustic soda, vinyl chloride monomer (VCM) polyvinyl chloride (PVC) and polyethylene and up to 250,000 tons a year of ethylene. While as the Plan says, the project is a key one, and would "provide the much needed basis for industrialisation," it must at this stage be doubted whether the target date for the start of production in 1978 can possibly be met.

Bridget Bloom

NIGERIAN CRUDE OIL PRODUCTION
('000 barrels per day)

	1st qtr. 1975	1974	1973	1972
SBP/NNOC	1,204.186	1,398,500	1,293.706	1,208.184
Gulf	226,978	366,550	364,559	325,415
Mobil	158,923	247,526	222,384	166,594
Agip/Phillips	163,704	155.146	100,515	51.648
Elf	78,452	83,666	63,919	55.136
Texaco		2,680	8,318	10.177
	1,832,243	2,254,068	2,053,401	1,817,154

With the exception of Egypt and South Africa, Nigeria has the largest armed forces in Africa. Their main function is likely to remain within Nigeria, but an external role is not out of the question.

Armed forces

ON A particular Friday in the first half of April, Lagos traffic jams were even worse than usual. As the more perspicacious of those stuck motionless in their cars soon realised, there were an extraordinary number of military vehicles about, especially near the city's many banks. Rumour grew—and proved to be correct: the army rank and file, which earlier in the year had failed to get the large salary increases awarded to civil servants and others, had got their "Udoji." Announcement of the awards, involving a whole year's back pay plus the new increases, were held back so that—according to one senior officer—the men could have a chance to off-load some of their newly acquired wealth before stores and market women inflated prices even further.

Inflationary or not, the pay packets of the armed forces will this year amount to N324m. The figure is from the Federal Government's estimates, published early in April and presumably includes the "Udoji" awards. Total recurrent expenditure on the armed forces for this year is N547m. the largest single item in the whole budget and very considerably in excess of the N239m. which is budgeted for education, the second largest item. Defence, in fact, takes just under one third of the whole recurrent Federal budget this year, although if capital expenditure on them (N615m.) is added, the proportion falls to around one seventh.

Even though, with its oil revenues, the country has the money, these are staggering totals by any reckoning. Why are they felt necessary? The first obvious and vital reason is that Nigeria's is a military government, and might be expected, as similar governments elsewhere have done, to give defence priority.

Beyond that, however, are two factors. One is that the armed forces are still coming to terms with the aftermath of the civil war, when the numbers of serving men jumped from less than 20,000 in 1967 to around 250,000 three years later. For political and social reasons there has been very little demobilisation while barrack building, re-equipment and re-training are costly.

The second factor is that Nigeria's top brass seem, however tentatively, to be envisaging a possible external role for the armed forces. While no senior officer wants to be too specific, as the preamble to this year's Ministry of Defence estimates drily puts it: "It is necessary to view expenditure upon the Armed Forces not only within the context of maintenance of internal security but within that of their ability to fulfill an external role in support of OAU if Nigeria should be called upon to do so. The training and re-equipment of the forces is currently being pursued so as to enable each Service to operate, with full logistical support, in an internal or external role."

Aggression

Gen. Gowon himself, in a most interesting passage of a recent speech even suggested that Nigeria should be ready to meet the threat of external aggression. Nigeria, with its relative wealth, could not, he said, "fail to attract some kind of external attention against which it must guard itself . . . the nation must have credible armed forces if all the planning and the hopes we have for this country are to be fulfilled in an atmosphere of stability free from external pressures and duress."

What sort of forces is Nigeria building up out of the somewhat ragged (if victorious) post-war army? The army is, inevitably, the biggest service, reckoned now at around 210,000-220,000. The decline since the war is chiefly explained by the demobilisation of between 5,000-10,000 World War II servicemen who were called up early in the civil war, and by the inactivity of some 10,000 disabled and mentally unstable men (many of whom however remain on the army payroll or in re-training institutions). There has apparently been very little recruitment of other ranks (though that, one learns, could start soon). There has, however, been officer recruitment, particularly in technical grades.

Recruitment of officers in all three services, although apparently not their subsequent postings or promotions, is still done on a rough tribal quota basis.

The main problems since the war, according to senior officers, have been retraining, and redeployment of the army into permanent quarters. While numbers of senior officers have been abroad (mainly to Britain but also to the U.S. and a few in the U.S.S.R.) most training, and retraining of those with field ranks, has been done by Nigerians in Nigeria. Precise numbers are not available, but the re-absorption of Ibo officers who formerly served with the Nigerian army has apparently gone very smoothly while Ibos have also been recruited into the officer corps. On the other hand, the barrack building programme has gone badly, and over 50 per cent. of the army is still in temporary quarters: one reason for this poor performance has been the country-wide overstretching in the construction industry.

The army is still, as it was during the war, organised in three infantry divisions and has three reconnaissance, three artillery and three engineer regiments. Its weaponry and equipment is still mainly British (it has Saladin and AML 60 armoured cars, Ferret scout cars, Saraeen APCs, while Scorpion light tanks and Fox scout cars are on order). Of this year's capital expenditure of N281m. N156m. is earmarked for weapons and vehicles, with a roughly similar expenditure pattern over the next three-to-four years.

Aircraft

Comparative to its size, the air force is spending, considerably larger sums on "weaponry." The force, estimated at about 5,000, has a total allocation of N299m. on capital account this year, of which N254m. is for aircraft and equipment, including transport, trainer and fighter planes and helicopters. Of very little significance before the war (when it was trained principally by the Canadians and West Germans) the air force's principal supplier now is the Soviet Union, which supplied MiG-15s and 17s during the war and is re-equipping and training the force on a large scale now. Training policy has been carefully planned: main deliveries of aircraft are due within the next two to three years when it is reckoned that sufficient Nigerians will have been trained to fly and maintain them.

The navy's capital allocation this year is N49m. of which N28m. is to go on new warships and auxiliary craft. Also some 5,000 strong, it is the only force which has employed white officers, although the last of the team on contract from the Royal Navy is due to leave this year.

The Navy's total capital expenditure for 1975-80 (including some backlog from on-going projects) is N192m.; comparative figures for the air force are N856m. and the army N1,879m. In addition there are inter-service projects calculated at N145m.

It is impossible for an outsider to judge the present or potential efficiency of the Nigerian armed forces but what is incontrovertible is that they are already—Egypt and South Africa excluded—the largest and could soon be the best equipped in Africa. Nigeria is a large country and (given the relatively small size of the police force) in the sense that its function is to maintain law and order and internal security the army is not necessarily too large. Some might argue that it could have a much wider development role. So far, it has been used in minor and not very successful road and bridge building, principally post-war construction, and though plans are for the forces to become much more self-sufficient in, for example, food, the possibility that it might become more than an essentially conventional force is remote.

Could the armed forces be used for external "adventures?" Prediction is obviously impossible, although a "support role" for the OAU is clearly on the cards. It should not be forgotten that, as Chairman of the OAU three years ago, Gen. Gowon promised help for Guinea-Bissau if that territory was not free from Portugal in three years. Nigeria did in fact supply Guiné with some military aid and increasing help for the Zimbabwe guerillas should not be ruled out if current negotiations fail. Should Angola need an OAU force, Nigeria would be well placed to supply most of it. But could or would Nigeria want within say, the next decade, actually to mount a military operation against the south? If this is what Nigerian officers are thinking, they are keeping it very quiet.

Bridget Bloom

In recent years most of Nigeria's problems have lain at home, and the Government's foreign policy has remained low key. Over the last few years, however, priorities have become well established.

Foreign relations

NIGERIA IS indisputably the giant of Black Africa, yet its foreign policy is indisputably low-key. This is partly a reflection of the present administration's domestic style of government, where neither flamboyance nor ideology has a place. It is also due to the innate dilemma of relative size and wealth: were it to be seen throwing its weight around in Africa, Nigeria could be accused of a new form of imperialism.

In Nigeria's 15 years of independence, there have only been two occasions when the country could be said to have had an obviously dynamic approach to the world outside it. The first was shortly after independence, when Parliament forced the Government into abrogating a defence agreement with Britain and subsequently led the attack on France's nuclear bomb explosions in the Algerian Sahara. The second followed the outbreak of the Nigerian-Biafra war when, mainly as a reaction to the skilled use of international media by the Biafran Government, Federal Nigeria made an all-out effort to win over foreign goveraments, if not peoples, to its cause.

For two or three years after the war the Government turned inwards. Preoccupied with post-war reconstruction and reconciliation at home, in foreign policy terms it was intent principally on reaching an understanding with its neighbours (all of whom could be said to lie more or less within the orbit of France, which had recognised Biafra), and with those other countries in Africa, like Ivory Coast, Tanzania and Zambia, which had also recognised the rebel regime.

The vast increase in the country's oil wealth has so far had little obvious—or at least publicised—effect on foreign policy. Carefully worked out by the Commissioner for External Affairs, Dr. Okoi Arikpo, and by his officials, and obviously endorsed by General Gowon, the policy concentrates on Africa. "Until Africa is stable and viable," Dr. Arikpo says, "the African bloc cannot cut much ice on the world stage." Nigeria is represented, mostly, by an embassy or high commission, in every independent African State except South Africa. It will open an embassy in Mozambique this month and thereafter in Angola.

While the policy is one of strict non-interference in the internal affairs of other African States ("If we are asked to help or advise we do so, and only then" Dr. Arikpo says), what happens next door is broadly of more importance than what goes on further afield. "We see it in terms of concentric circles" one diplomat said. Thus Nigeria puts great emphasis on co-operation with its immediate neighbours. Gen. Gowon has visited most of them, some, like Togo or Dahomey, several times, and aid whether for a road linking Lagos with Cotonou, or help for the recent drought in Niger, is quietly given.

Diminishing

In this context, great store has been set on Franco-Nigerian relations, which, shortly before President Pompidou's death, Dr. Arikpo described publicly as being "based on mutual suspicion." France, which recognised Biafra and was undoubtedly that state's most prestigious supporter, now has diminishing interest in and influence on Nigeria's neighbours. This may well be partly because Nigeria has diplomatically demonstrated that it has no territorial or other designs upon those countries and that it is not (as the Quai d'Orsay undoubtedly once believed) an Arab or Soviet bridgehead. The mending of fences between the two countries has also been helped by the change of government in Paris, as well as by France's aggressive economic aid and trade policies towards Nigeria. (France for example offered facilities for some 60 Nigerians to study oil technology while French construction and other companies have proved both competitive and efficient.)

Improved relations with France were also necessary for the success of the Economic Community of West African States—a grouping of 14 West African countries which, after many false starts over ten years have now, partly as a result of quiet prompting by Nigeria, signed a treaty designed to lead to eventual economic union. That day may be very far away; but the attempt is being made with more apparent chances of success than before.

Of equal importance has been Nigeria's championship of the "Associables and Associates" in the long battle which led last January, to the signature of the Lomé Convention between ACP and the EEC. The terms achieved by the ACP—the abandonment of reverse preferences, the inclusion of export stabilisation schemes—were in no small measure due to the leadership of Nigeria, which, with its oil wealth, could have afforded to stay out of "Lomé" altogether.

Nigeria has backed its African policies with aid, although so far there have been only small amounts, quietly given. About N3m. has gone to drought-affected states—two (Somalia and Ethiopia) outside West Africa. Farther afield, aid has been largely confined to technical assistance (a senior policeman in Botswana, for example, or a judge or a consultant economist elsewhere), although recently a grant of N500,000 was made to newly independent Guine Bissau, and Gen. Gowon at the Kingston Commonwealth summit promised a significant Nigerian contribution to Mozambique.

Nigeria's policy on southern Africa has been broadly helpful to the African cause, if again low key. Nigeria, despite its shared colonial experience, is a long way, not only physically but psychologically, from southern and central Africa and many Nigerians seem not to understand why Africans in Rhodesia are unable to shake off white rule as easily as Nigerians themselves got rid of the British.

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هكذا ان الأمل

A new air of militancy now pervades Nigeria's trade unions. The Udoji Report on pay boosted public employees' pay following a two-year freeze.

The unions

NIGERIA'S trade unions have become a force to be reckoned with in the past few months. Their new-found militancy and growing cohesiveness are causing anxiety both to the Government and the private sector for the effect which they could have on the economy. There are also fears that the unions could make use of their position as the only major organised force in the country apart from the army.

The real breakthrough in union power came at the turn of the year when the Government announced how it was going to implement Chief J. O. Udoji's report on pay and career structures in the public sector. The Udoji report was the latest of the series of pay recommendations which have come out at more or less regular intervals in Nigeria's independent history. For Government employees there were pay awards of up to 130 per cent. at the lower end of the scale and all wages rises were backdated nine months. This was contrary to Chief Udoji's recommendations who warned of the inflationary effects of this move.

The awards followed two years of wage freezes in the public sector but they caused instant trouble. This was because, first, the White Paper on the awards did not cover the private sector: and, second, because many people who were given "Udoji" pay awards—the word has now been absorbed into the Nigerian language—were discontented about their differentials under the new salary structure.

The result was a wave of go-slows, lock-outs, strikes and working to rule (which in Nigeria means that workers come to work but do nothing, whereas a strike means that they do not come to work at all). The first to strike were the taxi drivers, who were soon joined by the dockworkers. Then, for periods varying between three hours and three weeks, they were joined by the doctors, nurses, engineers, bank workers, bus and truck drivers, shop-workers, customs officials, railway workers, construction workers and electricity and water engineers. The effect was, at times, devastating upon the amenities of life in Lagos.

The strikes were very effective. Those who were complaining about their grade in the public sector usually got increases, while the Government, scared by the paralysing effect of some of the strikes, especially in the banks, was forced to tell the private sector to give its own "Udoji" with wage increases of at least 30 per cent., a minimum wage more than doubled from N312 to N720 per annum, and arrears to match those paid in the public sector. Not all private sector concerns were able to meet these demands, and many of them reached agreements with their workers for less arrears. The arrears provision particularly incensed the private sector, since unlike the public sector it had not been subject to a two-year wage freeze.

Minimum

The effect of "Udoji" on wages is still being worked out. Throughout Nigeria there are pockets of workers on strike, either because their differentials have not been maintained as they would have liked or because their wages, though increased by 100 per cent. or more in some cases, are still short of the national minimum. Some of these strikes are remarkably trivial by any standards. Workers have been known to strike because they wanted their arrears paid at once rather than in one week's time. Union leaders admit that in the private sector many employers, especially small ones, have been laying off men to cut wages costs.

Udoji had a spectacular effect on prices and it is widely estimated that Nigeria will this year have an annual inflation rate of between 20 and 30 per cent.; some estimates, however, go as high as 40 per cent.

In the long term, however, it may well be that the most important effect of Udoji was in giving strength to the trade unions. Under Decree 53 of 1969, brought in shortly before the end of the war, unions were forbidden to strike on pain of penalties of up to five years in prison. This decree effectively held the unions in check. But in the Udoji strikes, and since, decree 53 was ignored by the unions and largely disregarded by the Government itself, although at one point it arrested a few union leaders for a time. The Government wisely realised that an ugly political situation would have arisen if it had tried to enforce it rigorously.

The unions and the Government are now playing a cat-like game with each other with deep suspicion on both sides. The unions are generally careful not to parade openly their flaunting of decree 53. Instead they discreetly inform the Labour Ministry that because of prices or because of the attitude of the employers they are "obliged" to take industrial action. All the Government can do is send in conciliators.

It seems likely that few real holds will be barred in future industrial disputes. The attitudes of different unions vary, with the more conservative believing that Udoji will keep their members happy for two or three years, in the manner of previous big awards, and others pointing to the rising rate of inflation and the need of workers to keep abreast of it. The most radical think the Government must simply hand over more of Nigeria's oil wealth direct to the workers.

The most commonly held view is the second one of these three. Many union leaders consider that as far as improving the lot of the working man was concerned Udoji was, as one union leader put it to me, "a farce." Prices rose faster than incomes, there were shortages, and for the vast numbers of people outside the wage economy altogether there were no benefits at all—in fact price rises made them worse off than before. From this it follows that it would be self-defeating to ask for another Udoji.

Although big pay claims will doubtless be made in the next private sector wage round at the end of this year the unions will probably concentrate on other targets. First, they will try to get non-wage improvements in their standard of living, such as longer holidays, fringe benefits and perks which are not taxed. Secondly, they will try to make the Government tackle inflation more vigorously, and mitigate its effects on the working man with subsidised bus fares and cheap housing.

Prices

Briefly, the Government tries to keep prices down by means of the Price Control Board which controls the prices of many commodities such as beer (but not food). The prices at which these goods are sold in the big stores keeps to the PCB's guidelines, but there can be no effective control over the price at which the goods change hands in small shops and market stalls where it is hard to get evidence of excessive prices.

The other Government body which is supposed to have an effect on prices is the Government Supply Company which is designed to buy in bulk and supply the market at subsidised prices. In practice it is hampered by the port congestion, by diversion of goods in private to members of the bureaucracy and by the fact that the price at which the goods are sold on the market place cannot be controlled. Recently Dr. Clement Isong, governor of the Central Bank, said that the Price Control Board conflicted with the operations of the Supply Company. "As they function now, it appears that while one is endeavouring to supply more essential goods, the other is busy driving them underground."

At least part of the union movement is calling on the government to abolish the Price Control Board on the grounds that it is counter-productive, and to step up a process which has already begun in a small way by which the federal Government or State governments establish supermarkets to sell goods supplied by the Government Supply Company at cost prices. Whether this would meet the approval of the marketeers is far from certain.

The call for the abolition of the Price Control Board was made by the steering committee of the Nigerian Labour Congress, another new element on the labour scene. Nigerian labour has historically been deeply divided. Because of union registration laws that allowed a group of no more than five men to form a union there are some 1,870 registered unions in Nigeria.

Many of these unions are microscopic. There are several unions in each industry, and often several within the same plant. However, most unions are linked to one of four umbrella groups, and the splits in the Nigerian labour movement have hitherto been divisions between the big groups, accentuated by the differences between the personalities at the top.

The biggest group is The United Labour Congress (ULC) which claims 400,000 members (the wage earning labour force in Nigeria is put at about 3m., of which about 1m. are, or consider themselves to be, members of a union). The ULC is affiliated to the Brussels-based International Confederation of Free Trade Unions. The second largest group, the Nigerian Trades Union Congress, which claims about 300,000 members, is affiliated to the Moscow-based World Federation of Trade Unions. Two other groups, the Nigerian Workers Council and the Labour Unity Front (LUF) also have outside affiliations.

The groups have members all over Nigeria, but despite some tribal and regional differences the different affiliations of the unions are thought to be the main cause of their disunity. In the past the large sums received from the different outside bodies have kept the unions quarelling on ideological grounds.

But funds from outside have recently flowed less freely, partly because the outside sponsors have seen little tangible result of their generosity. The idea that the unions might join up ripened at a funeral last October for an official of the ULC. Since the deceased's brother was an official of the LUF, officials from the two groups were there. In this unique atmosphere they made a draft declaration of unity called the Apenè Declaration and the basis was laid for the Nigerian Labour Congress.

Under the 1973 labour decree, which the Government aimed partly at unifying and rationalising the labour movement, unions have to hold a special conference and vote by secret ballot to join a new organisation. So far the NTUC and the LUF have done this, and the NWC is to hold its special meeting in July, while the ULC is likely to do so a little later.

The ultimate dream of the NLC is that the unions should be rationalised on an industry basis with an eventual target of a total of only 25 or 30 unions. There is talk of national wage negotiations fixing nationwide wage rates.

James Buxton

Relations

CONTINUED FROM PREVIOUS PAGE

Though no one in Government holds such a simple view, the prevalence of the view outside Government plus a suspicion of Nigeria's size and comparative wealth, may help to explain why African states more directly concerned with the struggle in southern Africa sometimes doubt Nigeria's commitment to it.

On the facts, they have no need to. In the implementation of sanctions for example (though it is true that Nigeria never had much trade with Rhodesia or South Africa), Nigeria is very firm; as it was on not allowing the Portuguese airline (or South African aircraft) to use its facilities. (There is, however, a degree of pragmatism here: at the Commonwealth summit, a proposal was made that African states should forbid landing rights to any airline which flew to South Africa. Gen. Gowon's reply was to suggest that if that happened, he might have difficulty getting home from Kingston, for Pan American, which flew to Johannesburg, had a maintenance and training contract with Nigeria Airways.) But there is, for example, no truth in the allegation from South Africa that Nigeria is interested—indeed would contemplate—an "oil for gold" deal.

Nigeria's support has been sought and obtained by those states directly concerned with Southern Africa. At April's special session of OAU Foreign Ministers in Dar es Salaam, Nigeria threw its weight behind the strategy of Tanzania and Zambia for continued contact with South Africa on Rhodesia and Nambia. Nigeria fully backs the "dual strategy" of, President Kaunda's words, "negotiation if possible, armed struggle if inevitable." It is doubtful whether relations are yet close enough for Nigeria to contribute through Tanzania or Zambia to arming and training Zimbabwe guerillas but an increased Nigerian contribution, whether directly to the ANC or through the OAU Liberation Committee, seems certain in the next few months.

Cordial

On the non-African front, Nigeria has been concerned to establish cordial relations with all major countries, west or east. Though there are the occasional exasperations on either side, Anglo-Nigerian relations have remained good. It is not forgotten that the British Government backed Lagos during the war, although Britain's lack of drive in economic matters is often criticised. These good relations are partly a hangover from colonial days ("Better the devil you know. . . ."); to an extent they are also a direct result of the close personal connections which many Nigerian officers, trained in the British tradition, have with Britain. But they are well established now with Gen. Gowon in London only last week on a private visit (he was receiving an honorary degree from Cambridge) and the Queen due to visit Nigeria in October.

At any event, in the past two or three years, Nigeria has broadened its range of diplomatic contacts. Soon after his state visit to Britain two years ago General Gowon visited the Soviet Union and last year he went to China. Taking advantage of the Commonwealth conference, he has just visited a number of Caribbean states.

In all these contacts, as well as in its relations with Africa, it is balance which Nigeria seems to seek. Quiet, rather unobtrusive, certainly low key. Nigeria does not throw its weight around in OPEC, nor outside it. Oil may be transforming Nigeria internally, but oil wealth and the power which might be thought to flow from it has little overt role at present in Nigeria's foreign policy.

Bridget Bloom

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A steadily rising food import bill and a declining contribution by the much-valued cash crop sector have made agriculture Nigeria's biggest economic problem. The drought in the north. land tenure difficulties and a drift from the land to the cities' bright lights have all contributed to the decline.

Agriculture

AGRICULTURE has gradually become the problem sector for the Nigerian economy. The production of cash crops for export has dwindled, hastened in recent years by the drought in the North. Last year agricultural exports fell by 20 per cent. in volume and made up only 10 per cent. of Nigeria's exports in value, compared with about 80 per cent. of a few years ago, before oil became the leading export commodity.

In food crops it has been the same story. Food production has not risen to keep pace with the growth of population. The food import bill has steadily risen from N62.6m. in 1970-1971 to an estimated N131.4m. in 1973-74, while food production increased between 1969-1974 at around 2.5 per cent. a year—barely keeping pace with the increase in population.

The causes of the decline in both sectors of agriculture are familiar in many developing countries. Prices and wages in the urban areas rise faster than farm incomes: the prices the farmer gets for his crops are inadequate to encourage him to invest, and if he tries to expand he is hampered by both the land tenure system and the difficulty of getting credit. His children acquire education and drift away to the towns where life is thought to be easier and money more plentiful: this leaves the ageing farmer obliged, if he is to stay in business, to employ wage-earning workers to help him.

Nigerian agriculture has for long lacked the attention which the Government has paid to other sectors of the economy. Neither farming nor rural development has been given adequate finance, and because of a shortage of skilled advisors it has often proved hard to find valid projects to absorb what money has been allocated. In the second plan period N225m. was allocated to agriculture, of which only N97m. was actually spent. But in the third plan period Nigeria is aiming to spend N2.5bn., of which N1.4bn. will be provided by the Government, the rest by the private sector.

The Government in its strategy for agriculture does not accept that the drift to the towns is inevitable and that agriculture will have to be mechanised as a result, although there are many people in Nigeria who think that the growth in education will accelerate this trend. Instead it assumes that Nigeria is, and will remain, primarily an agricultural country, and that the majority of the population will continue to earn its living from the land, as 70 per cent. does now. Agriculture will continue to be labour intensive but capital will be poured in to improve the infrastructure and to increase the area under cultivation, which now stands at less than half the cultivable area of the country, which is about 71m.ha. Above all agricultural incomes must be made to rise to match those of the urban areas.

Priority

Its overall aim is to raise the output of food crops so that food production will keep pace with population and that the quality of food eaten by Nigerians improves—at present they have an intake of 10 per cent. less than the recommended caloric level for the climate, and eat too little meat. Cash crops are also to be encouraged for export and for local industrial use but food will have priority.

The attack on agriculture is being made on three fronts. First, attention is being concentrated on making the Nigerian peasant farmer increase his production. As part of this policy two national companies to control production and marketing are being set up, one for root crops and one for grain crops. These are expected to build storage facilities and increase marketed produce by storing produce which would otherwise have decayed. Individual states, notably East Central and some Northern states, have already started doing this.

The major effort will concentrate on extension services—providing farmers with fertilisers at subsidised prices, developing high yielding strains of crops and persuading farmers to use them, giving advice and trying to make it easier for farmers to borrow money. In livestock-producing areas extension services include veterinary work. Skeleton extension services exist in every state in Nigeria and are especially effective in the West, while concentrated efforts are being made at developing them in East Central, but they still have to overcome many obstacles.

One of the obstacles is the factor which dogs almost every endeavour in Nigeria—shortage of experienced staff. Even if this difficulty can be overcome with faster agricultural training programmes using expatriate teachers, there are still snags. Often in the past farmers have just begun to see the value of using fertiliser when it has become difficult to supply it—because of distribution problems, port congestion or world shortage. The plan aims at importing up to 1.6m. tonnes of fertiliser and selling it to the farmers at a 50 per cent. discount. A fertiliser factory is being established at Kaduna which should be in production later this year and have an annual capacity of 100,000 tonnes but the imports may be the victim of continued world shortage.

Because of these and other difficulties the Government is not putting all its eggs into the basket of extension services. The second part of its strategy is to concentrate rural development programmes in particular areas, usually based on a major irrigation scheme. The peasant farmers usually remain in possession of their land, and are able to decide what they grow but they have the benefit of concentrated advice from experts.

One such scheme is being undertaken at Funtua in North Central state with the assistance of the World Bank, which is providing expertise. The Funtua project is a five year scheme which aims at the intensive supervision of inputs, like seeds and fertiliser, marketing facilities and credit and will cost N37m. Thousands of miles of feeder roads will be built and the project will affect 100,000 families in the area. They will be encouraged to step up production of sorghum and groundnuts.

The third feature of the Government's plan is the establishment of large capital intensive commercial projects which will directly employ labour rather than operate in the peasant farming framework. The Federal Government initially had misgivings about allowing such projects to go ahead because of its commitment to peasant farming but in the wake of the drought it decided to do so.

One such project is the Savannah Sugar Company development at Numan in North Eastern state. The management and part of the capital is being provided by the Commonwealth Development Corporation in partnership with the federal Government and possibly other partners. The project which is expected to cost N150m, is for a sugar plantation which will eventually stretch for 15 miles from end to end and employ 30,000 people. A sugar mill will be built and production is expected to start in 1977 and should reach 100,000 tons by 1982.

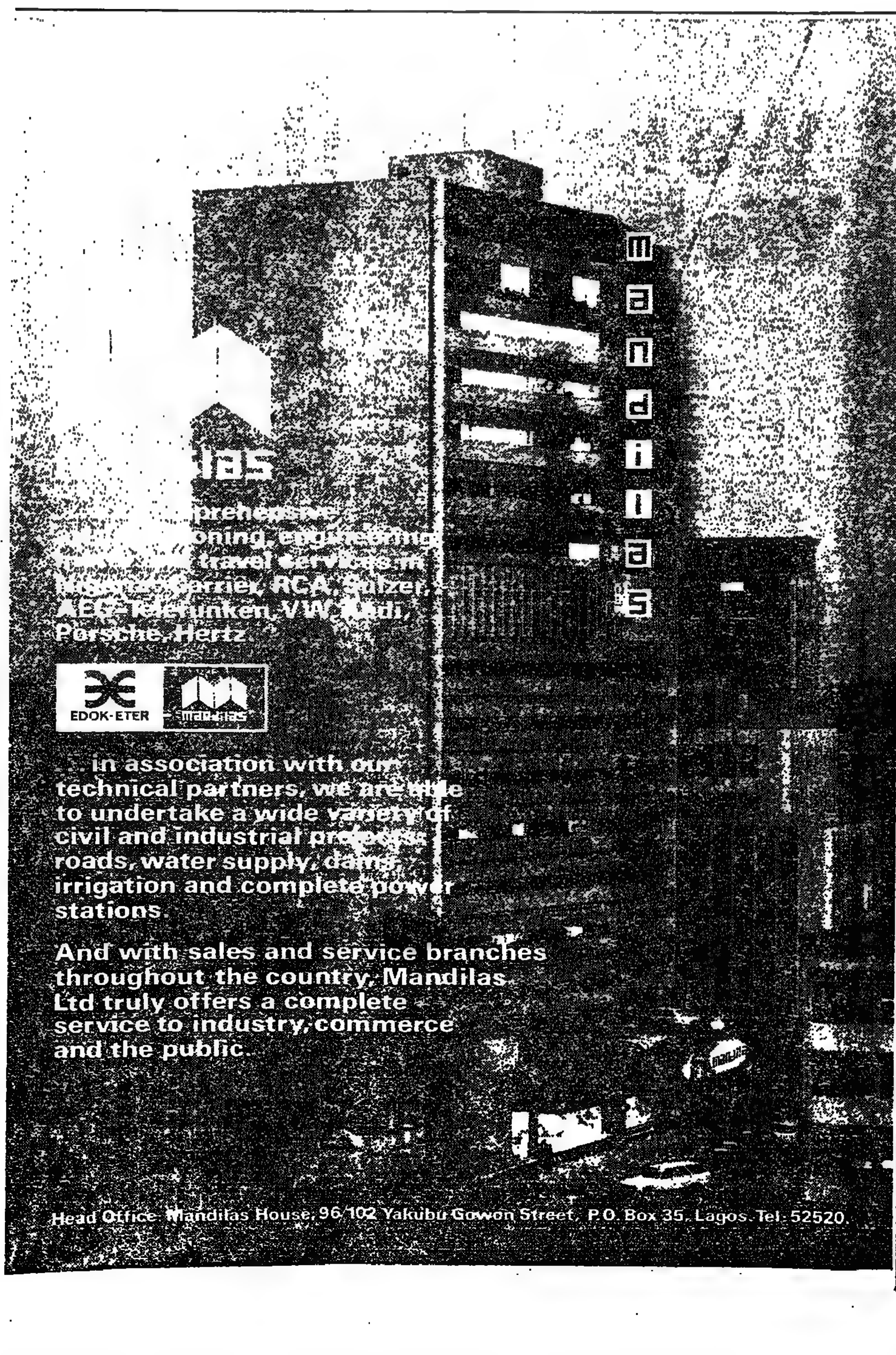
Cattle ranches and other livestock complexes are planned.

Viable

In projects such as these the federal Government is aware of the importance of having commercial participation despite the fact that it could afford to buy the expertise and produce the capital itself. With commercial participation, companies have a stake in the project and will therefore insist that it is viable before it begins and that progress on it is steady. It should be a safeguard against the problems of slow growth and ineffective management to which Government projects are often prone. In other parts of Africa private capital has not been easily attracted to agriculture.

It obviously remains to be seen how successful the third development plan is in raising agricultural production. In keeping farmers on the land a great deal depends on the other parts of the Government's plan for developing the rural areas with more roads, electrification and better water supplies. The fact that overall rural development is so important to agricultural development and is regarded as such by the Government is one reply to the charge that the Government is not spending enough money on agriculture in the plan. Most independent experts consider that given the constraints the amount of money envisaged for spending is adequate—in fact they would be surprised if it were all spent.

James Buxton



Effort to boost cash crop output

IN THE Budget Speech on April 1, the Head of State, General Gowon, announced big increases in the producer prices of all the Nigerian cash crops as part of a conscious policy to boost production, which in the past few years has slumped badly, making farmers in some cases switch to growing food crops whose prices have tended to keep pace with inflation. (It was also to give farmers their Udoji award.)

The export figures for such products as cocoa, seed cotton, groundnuts, beniseed and soyabeans have slumped badly in the past few years, and now make up only 10 per cent. of exports in value. This is in part due to increased consumption at home of agro-based products such as palm oil and textiles. Nevertheless, the figures for produce handled by the Marketing Boards (which are supposed to handle all these crops) shows a general decline in all items, especially seed cotton, groundnuts, beniseed and soyabeans, while exports of palm oil have come to an end since the war.

Groundnuts

The most spectacular decline has been in groundnuts. Nigeria is normally the world's largest exporter of groundnuts with an average annual production of around 700,000 tons and a crushing capacity of about 1m. tons in the 19 mills of the north. In 1969-70 the output handled by the Marketing Boards was 656,000 tons: in 1973-74 the drought was so bad that the crop only came to 44,039 tons.

As a result the Nigerian Produce Marketing Company [illegible]red force majeure on exports and much of the crop was returned to the farmers for seed. This season's crop was expected to be much better, but by the middle of April the Northern States Marketing Board had only purchased 123,000 tons. It is thought, however, that the crop is a good deal better than this and that the middlemen who sell the crop to the Board's licensed buying agents may have been holding back until the new prices came into effect on April 4. This brought the price up from N165 per ton to N250.

Several other things suggest that the crop was probably much higher than the amount handled by the Marketing Board would indicate. Farmers may have held back a large proportion of the crop for seed, or even to eat; they may have extracted some of the oil themselves and sold the remaining cake to the mills — which is illegal under the marketing board system: they may have sold on the local markets: almost certainly, until the price went up, they drove part of their produce across the border to Niger where a higher price was offered.

The decline in oil palm growing has been more sustained and because of the nature of the crop it is less easy to stimulate production quickly (groundnuts are an annual crop). The oil palm plantations suffered heavily in the war and although they were unaffected by the drought because they are further south their rehabilitation has been slow and the low prices hitherto offered by the Marketing Board have been little incentive to harvest and sell the crop. However, the doubling of the producer price of palm kernels in April 1974 to N132 per ton appears to have stimulated production and the crop this year is expected to be 400,000 tons compared with 240,000 tons last year In April this year the price was further raised to N150. Nevertheless, the Ministry of Agriculture thinks that it will be several years before the palm oil output regains the levels that it reached in the 1960s.

Smuggling

Cocoa has been more stable, although this year's crop is not expected to exceed by much the 1974 crop of about 215,000 tons. The producer price is now the highest in West Africa which will put an end to smuggling out of the country but may encourage Nigeria's neighbours to smuggle in.

Cotton was very badly hit by the drought in 1973 when the crop of 170,000 tons was one of the lowest on record and textile mills had to import cotton lint. But last year's rains were good and a crop of 300,000 tons is expected this year.

Nigerian authorities are most concerned about the decline in the output of many cash crops and the slow growth of others. Although the priority in the immediate future is stimulating food production, it is realised that the cash crops will remain a valuable earner of foreign exchange, a major employer of labour and the foundation of many agro-based industries. Their decline in recent years has been attributed to the workings of the Marketing Board system and to lack of extension services.

It is generally considered that in the past the Marketing Boards which had the sole right to buy cash crops and sell them for export or for local processing, offered low prices, operated inefficiently with high overheads and did not plough their surpluses back into agriculture but financed other ventures.

Recently, however, the system was reformed and the marketing boards became merely the agents for the Nigerian Produce Marketing Company, which pays producer prices decreed by the Government and hands over any profit it makes to the Government. It would be subsidised by the Government if it made a loss. Since the new system came into effect farmers have received steadily higher prices. The April 4 increases took the prices of all cash crops up by from 10 to 50 per cent.

It remains to be seen how effective this series of increases will prove. Groundnuts can be grown on an annual basis, but tree crops such as cocoa and oil palm cannot be put into production overnight. The tree crops are almost entirely grown on a smallholder basis and have suffered from a common disadvantage in many parts of the world—that the work of tending them appears to be too easy and that capital is not set aside for replanting over-aged trees.

Each of the permanent crops has been closely studied and there are research institutes in Nigeria which claim to have the answer to every problem that is likely to emerge in growing them. The difficulty is persuading farmers to use the new methods, which depends on having sufficient extension service workers prepared to teach the farmers to overcome old prejudices and to give priority to longer-term operations.

James Buxton

Happy that the constraints of lack of savings and foreign exchange have been removed by the windfall of oil wealth, Nigeria's planners are faced with the reality that money is not everything. The lack of executive capacity remains the largest stumbling block in the way of planned development.

A plan for prosperity

THE THIRD Development Plan, which is to run for five years, is the means by which Nigeria aims to transform the country's paper oil wealth into tangible benefits for its 70m. or so people. Reading the Plan, one is conscious of the delight the country's economic planners must have felt when they realised they had the money to pay for all and more than they could cope with in five years.

"Quite often," the Plan states, "*the development of most developing countries is held back by a trinity of constraints*: savings, foreign exchange and executive capacity. In the case of Nigeria . . . there will be no savings and foreign exchange constraints during the Third Plan period and beyond. However, manpower or executive capacity remains a bottleneck to the development of the nation."

The sober realisation that money is not everything lies at the heart of the Plan, which was launched in April. The projected sum for public sector capital spending is N30bn., ten times the expenditure envisaged for the Second Development Plan which ran from 1970 to 1974, and nearly 14 times the amount actually spent during that period. *The third plan expects* that actual public sector spending during the period will be only two-thirds of the amount *projected, but even this is far* in excess of anything that has *ever been spent in Nigeria* before and the Plan goes to *some lengths to explain what* the bottlenecks are and how *they will be tackled. But before* assessing the feasibility of the *Plan one should consider first* what it is aiming to do.

Objective

The Plan's objective is to lay the foundations of an economy which would make Nigeria a prosperous country even if its oil reserves lasted no longer than the 30-odd years at present projected. This means developing agriculture to keep pace with the food needs of the population and to expand the supply of export crops; and developing industries both to meet home demand and, eventually, for export. To achieve this there will have to be massive spending on the physical infrastructure (especially transport) and the social infrastructure (especially education). In the process unemployment should be reduced, the standard of living raised and the gap between rural and urban incomes narrowed.

The intention is to raise the GDP from its present N14.4bn. to N22.6bn. in 1979-80. To achieve this it is projected that *capital spending will rise from* N2.6bn. in the first year by stages to N9bn. in the fifth year of the plan. An average annual growth rate of 9.5 per cent. is projected. Taking into account the rate of population increase of 2.5 per cent. GDP per head will rise by about 7 per cent. a year. It now stands at about N200 for the average Nigerian, and the Plan expects it to have doubled at constant prices in the next 12 years.

The Government's assumption that only two-thirds of the N30bn. public sector spending allocation *will actually be spent* brings the effective figure down *to N20bn. But the effective* capital programme for the *private sector is put at N10bn.* which brings the total effective spending back to the oft-quoted figure of N30bn. (The combined total of projected public and private sector spending is a *stupendous N48bn.*)

Of the N20bn. effective public sector investment about a quarter will be spent directly *by the 12 States, partly from* their local revenues but mainly *from the statutory share of the* oil revenues. The States' own *plans were drawn up in close* co-operation with the federal *Government, but in practice the* shortage of qualified staff at the *federal level will probably mean* that monitoring of the States' *progress will not be very* stringent.

In addition, the Federal Government is to make special *grants to the States for specific* projects, some of which will cover all States, *such as* subsidised fertiliser, and some of which only cover *certain States* —Lagos being one example whose special problems are being recognised.

It is hardly realistic to talk of priorities in the plan for it appears to contain almost everything, and the amounts being devoted to each sector are determined according to what the planners think the rate of return on each item will be. Thus effective public and private sector spending on agriculture totals N2.5bn. In view of the serious problems agriculture is facing, (these are discussed *elsewhere in the Survey*) this amount has been compared unfavourably with the N.5.8bn. being devoted to industry. But the planners argue that money goes further in agriculture: as an example, to get any output at all from an LNG plant means spending an immense amount of money, while building a number of storage silos will instantly *save the half of the maize crop* that at present rots from lack *of storage*.

Other sectors on which spending will be concentrated include building (N2.7bn. by the private sector), transport (N6bn., all but N500.000 by the public sector), Government administration (N3bn.) and electricity and water (N1bn.). The very roundness of these figures should suggest that they are indicative of targets rather than predictions. Detailed plans and estimates have been drawn up for some projects but most have scarcely reached the drawing board, *although a figure has tentatively* been put against every project *in the full list. Both the* implementation of the items in *the Plan and the fulfilment of* the cost estimates depend on *whole range of conditions being* satisfied.

The Plan's chapters on individual sectors each contain a ruthless assessment of what progress has been made so far, what bottlenecks have prevented it being better and how such bottlenecks can be removed. One bottleneck which has affected every sector in the past has been the cumbersome ordering procedure under which all tenders had to be scrutinised by a single Tenders Board. Five new tenders boards are to be set up to vet tenders for the Ministries of Health, Education, Transport, Communications and Defence, leaving the Federal Tenders Board to handle tenders for the other Ministries. The financial limits on the size of tenders are also being raised.

The Government also hopes that companies tendering in *certain fields like transport will* help speed up the process themselves by forming consortia to make a joint approach to *the Government. The plan* recognises that this may reduce *competition and raise prices but* feels this is a price worth paying *for speed*.

Difficulty

But even if these administrative bottlenecks are removed, and with them the bureaucratic inertia that dogs many projects in Nigeria, there are many other problems to be overcome. One major constraint on expansion is the congestion at Nigerian ports. Faster handling methods, a vigorous attack on inefficiency, the fast development of containerisation and the building of special berths for cement and *fertiliser* imports will help ease the *present congestion*.

The Plan, however, is bound to cause an even greater increase in traffic than Nigeria is suffering now and only new berths can accommodate it. The construction of six new berths at Apapa has already begun but they are not expected to be ready before 1979 and the building of new berths for other ports is mostly still on the drawing board. A new port for the Lagos area is envisaged for the plan period but its site has not even been chosen. *Port* congestion seems destined to *hold up the plan severely.*

The difficulty of getting sufficient construction materials could prove to be another brake on the Plan. *In the past up to* two-thirds of the Plan's spend*ing, in practice, has gone on* construction, since almost every *sector of the Plan means build*ing work of some kind. The *Plan projects that nearly 19m.* tons of cement will be needed *during the Plan period, starting* at 2m. tons a year and rising *to 6.4m. by 1980. On the opti*mistic assumption (as the Plan *puts it) that domestic produc*tion by 1980 is 3.5m. tons a year, there will *still be a shortfall of* 3m. tons a year. To make sure *of getting this from abroad* Nigeria is even thinking of buy*ing into foreign cement com*panies to ensure that a propor*tion of their output is available.*

As far as meeting the actual costings in the Plan is concerned inflation may turn out to be a serious threat. The overall inflation rate for the Plan period is put at 6 per cent. a year, although rates will vary from sector to sector. Thus a rate of 5 per cent. has been assumed for agriculture while in building and construction a rate of 12.5 per cent has been allowed, taking into account the large volume of imported materials.

Although it should be stressed *that these rates are* not the same as the cost of living *index*; the planners believe that they can be achieved — *provided* that the Government uses fiscal policies to keep inflation in check. These include freeing import bottlenecks, easing credit restrictions, keeping profit margins down with price control and redistributing wealth towards the poorer sector.

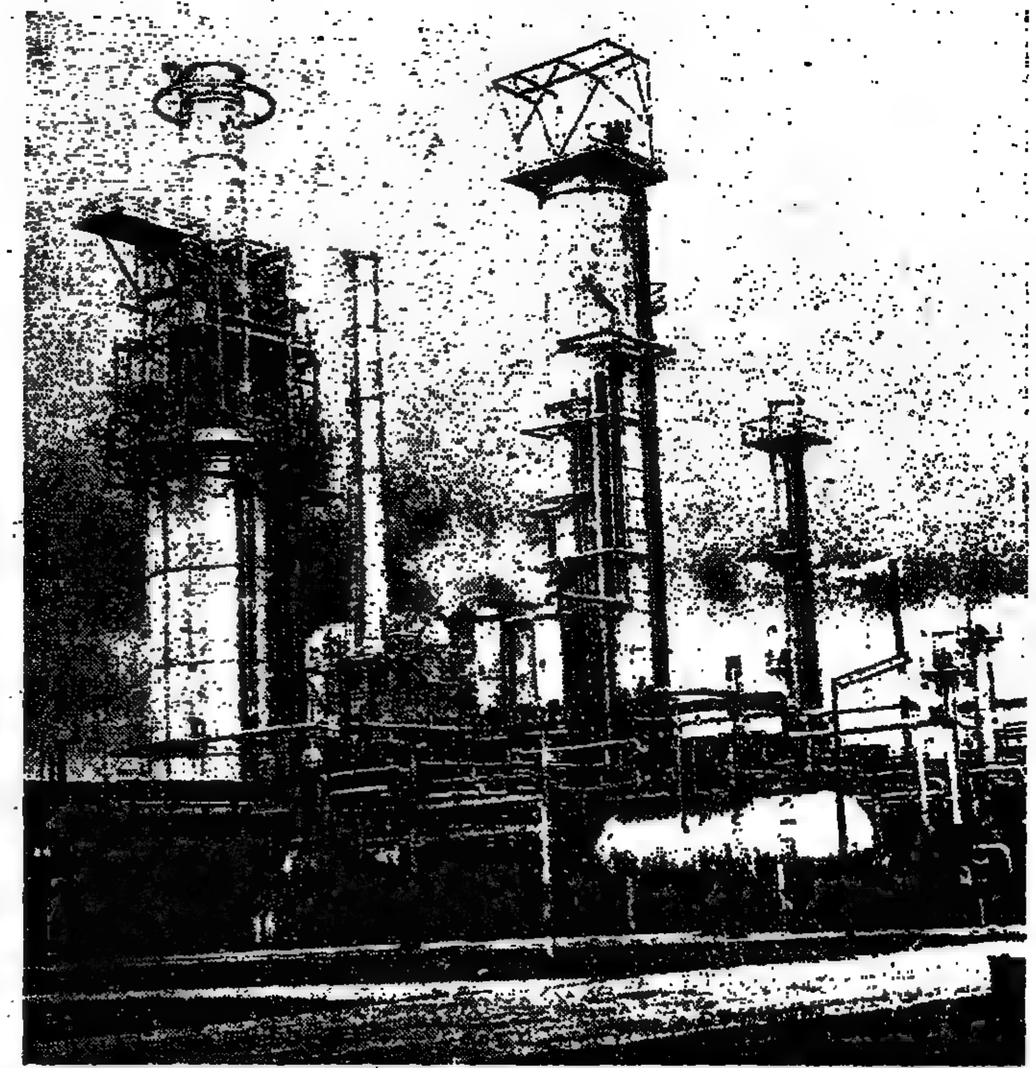
But the inflationary forces may well prove more powerful than *fiscal measures*. There is already an annual inflation rate of 20 to 30 per cent. with some estimates going as high as 40 per cent., fired by the Udoji awards and boosted by the growth in the money supply. The port congestion causes shortages while demurrage alone is expected to cost Nigeria N150m. this year. A great deal now depends on whether the trade unions use *the self-confidence* they have recently acquired moderately *or destructively*.

The conclusion must be that the 6 *per cent. inflation* rate allowed for in the Plan is very *optimistic*, especially *given* the inflationary nature of the Plan spending itself, which at least in the early stages will not be very productive. One consolation is that other constraints may prevent more than a certain portion of the Plan being achieved anyway: inflation therefore may not prevent parts of the Plan being carried out—it may simply mean that the money goes less far.

Probably the most serious constraint on the Plan is the one acknowledged from the outset — the shortage of skilled manpower or "executive capacity" as it is termed in Nigeria. The Plan estimates that at the senior level an extra 49,000 *people will be needed but that* Nigerian resources will only be able to produce 43,500. Similarly at the intermediate level there is a shortfall of 13,230 against total requirements of 139,510. The gaps are spread unevenly among several professions and the figures do not take into account the experience or quality of those who are officially qualified for their jobs.

Nigeria intends to fill these gaps *with expatriates* and a *big* recruiting drive is underway *already. To make sure that the* bureaucratic constraints which *have* held up the *intake of* expatriates in the past cease to be a hindrance the Government is easing the expatriate quota and speeding up the entry procedure.

James Buxton



Oil is providing the finance for the country's Third Development Plan, but this is Nigeria's only refinery, at Elele, near Port Harcourt.

Lack of skilled manpower will prove to be the biggest barrier to fulfilment of the development programme. Graduate output is being expanded but job experience is lacking. More foreigners are likely to be recruited. More Nigerians will have to be trained for technical careers.

Manpower constraint

MANPOWER HAS been the main constraint on Nigerian development in the past five years, and the major concern now is how Nigeria can mobilise enough manpower in the different skill categories to implement the Third Plan.

While other manpower categories are of importance, high level manpower takes prominence because of its key directive role. It is estimated that during the plan 49,210 extra people in this category will be needed. To meet part of this, university enrolment will be almost doubled to about 53,000 in 1980! Nigeria's universities are expected to produce about 28,000 graduates during the next five years. It is also hoped that about 4,600 Nigerian university graduates trained overseas and living abroad will augment the supply of high level manpower during the Plan; local non-university institutions will produce an additional 4,000 senior level people, and 6,180 will be upgraded into the high level category from the intermediate level. But despite these anticipated sources of supply, a shortfall of some 6,340 is still expected.

There is reason to believe that manpower shortages during the plan will be more serious than indicated above on the basis of the Plan's projection of demand and supply of high level manpower. The projection of overall demand is conservative, given the magnitude of the Plan and the likelihood that private sector investment will exceed the plan target. Further, most of the anticipated increases in graduate output will be felt mainly during the last two years of the Plan. A further consideration is that most of the new graduates from the universities and polytechnics will be without relevant job experience, whereas the great demand will be for tens of thousands of experienced people.

Education

The Government is aware of the problem and has various plans to upgrade existing high level manpower. The Centre for Management Development, established during the Second Plan to accelerate management education and training, will step up its training programme, although the magnitude of this effort is still to be clearly specified. The Industrial Training *Fund*, also established during the Second Plan to stimulate more training in industry, is expected to increase the scope of its activities, though *by how much has* still to be worked out. The federal and state Governments are expected to intensify on-the-job training through expanded programmes of the Administrative Staff College of Nigeria and staff development centres in the states. Private sector efforts in such institutions as the Nigerian Institute of Management, as well as company training programmes, are expected to be increased substantially. The centres for continuing education and adult education departments in the universities are poised for major expansion of their programmes. However, the quantitative impact of these programmes is still to be clearly spelt out. The possibility of more rapid high level manpower development during the plan will itself be constrained by manpower shortages.

Government realises that there will have to be increased dependence on foreign high level manpower. The greatest need for foreign skills will be in construction. Traditionally, close to two-thirds of public sector capital spending has gone into construction: on this reckoning the construction component of public and private *sector plans could* be *close* to N20bn. The construction industry is already dominated by foreign firms, yet they are currently fully stretched. Another key sector where foreign skills will be needed is manufacturing, also traditionally dominated by foreign companies and by foreign manpower in the top level management and technological positions. The programme for training of doctors, pharmacists and dentists is also likely to fall short of needs, especially in the Northern States.

The universities will also have to draw on foreign scholars if Nigeria's ten universities and two university colleges are to be properly staffed. There will be a need for foreign teachers in the polytechnics, colleges of technologies, secondary grammar schools, teacher training colleges and secondary technical schools, which are all due for rapid expansion. The main needs here will be for teachers of science and technology subjects. Finally, there will be a great demand for foreign experts in consultancy, especially in engineering and economic consultancy. Most of the Plan projects still have to be *studied* in detail and feasibility reports prepared.

To make it possible for foreign skills to be attracted to Nigeria the "expatriate quota" allowance will be greatly liberalised.

Foreign

However, policy makers believe that the foreign experts where possible will be involved in schemes of counterpart training. This is as it should be, since foreign skills are needed to complement and not substitute for the development of Nigerian skills. With the recent substantial upward revision of salaries in Nigeria, especially when topped up by contract terms and possibly technical assistance supplementation, conditions of service in Nigeria will be particularly attractive even by European standards and definitely better than those in most Asian countries.

But the implementation of the Plan may still be held up by shortages of skills at lower levels. The shortfall in intermediate level manpower is estimated at about 13,200, which seems certain to be too many.

The areas of greatest shortage will be technical personnel needed in the building and construction industry. There is also an acute need for technicians and technologists in industry, nurses and medical personnel in the health sector, confidential secretaries and accounting assistants both in the public and private sectors and maintenance technicians in all sectors.

Traditionally Nigeria has not imported foreign intermediate level personnel into the public sector. However, foreign companies often do import such people, paying them at very high rates comparable to high level manpower. Non-formal educational programmes on a massive scale may be needed for the public sector, since formal educational programmes will fructify too late to affect the Third Plan, while foreign companies will continue to import intermediate level personnel on strict contract terms. Unless this happens, manpower shortages at the intermediate level will hinder the Plan's implementation.

Massive programmes of non-formal education are also called for to increase the supply of artisans, craftsmen, typists and other "low level" manpower. School leaver unemployment is still a major problem, and with the proposed universal free primary education the problem will worsen if realistic schemes are not developed to absorb school leavers on a substantial scale.

Overall the Third National Plan has very ambitious schemes for manpower development at primary, secondary and higher levels of education. Its non-formal educational programmes are less well articulated and their quantitative impact is uncertain. Despite the major efforts envisaged, they will fall significantly short of requirements. The only hope for meeting the manpower requirements is for a significant importation of foreign skills in the high and intermediate levels and for a massive expansion of non-formal educational programmes at all levels of education.

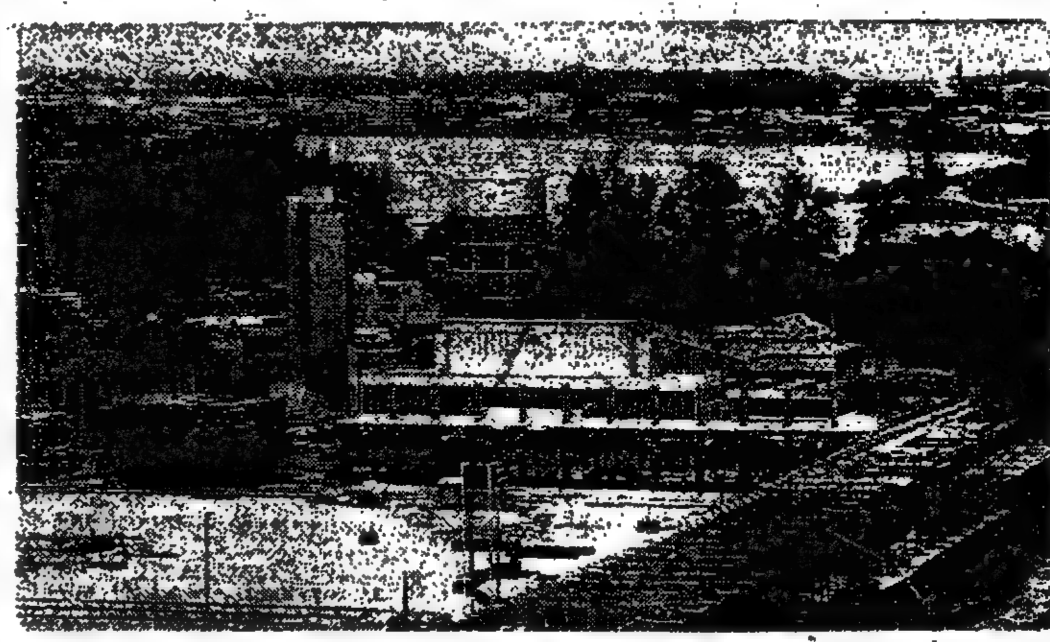
Dr. V. P. Diejomaoh
University of Lagos

It is unlikely that the existing capacity in construction will be able to cope with the expected building boom during the Third Plan period. Considerable European interest in the sector has destroyed British pre-eminence. Rapid growth of Nigerian companies in the field.

Building bonanza

NIGERIA'S THIRD Development Plan is bound to generate an unprecedented building and construction boom. In the Second Plan the building and construction industry's share of gross capital formation began at 53 per cent. in 1970-71 and reached 67 per cent. in 1973-74 and meant in practical terms new roads, new dams and new buildings.

In the Third Plan period this activity will be of such a magnitude that the trained Nigerian and foreign personnel in the country at the moment will not be able to cope with the task. Towards the end of the Second Plan period a situation had been reached where most good contractors would not be interested in tendering for jobs whose value was less than N1m. With the launching of the Third Plan the position has further changed and this figure has moved up to about N3m. Only inexperienced contractors now carry out works of lower value than this figure.



New monster parade ground, which will dwarf the Parliament building (centre) and reduce the Racecourse, Lagos' only green space.

At least 50-60 per cent. of the projected expenditure of N30bn. can be expected to go into the building and construction industry. This is a large sum of money to be spent in a space of time of five years. Constructional methods and techniques are changing very rapidly. Mechanisation of processes have made achievable targets impressive. But bearing in mind the constraints caused by the world shortage of building material, the difficulties of importing plant and equipment, and the shortage of skilled manpower, a good contractor would be doing extremely well if he executed work to the value of N10m. a year. Viewed from this standpoint, the country would require between 200 and 300 first rate contractors to attain the targets set by the Plan. First rate contractors do not exist in these numbers.

Joint venture

Nigeria has attracted various nationalities into its building and construction industry since it attained independence. The British, who were in the majority in this field before independence, appear to have withdrawn during 1960-70, and a new crop of contractors mainly from the Western European countries has invaded the sector. Such companies as Dumez grew up, little splinter groups sprang from the Italian group of Cappa and D'Alberto, the Germans gradually extended their influence with the appearance of such companies as the Monier Construction Company and lately Julius Berger, which made a lasting impact as a result of the lightning speed with which it built the Eko Bridge between Lagos Island and the mainland. Recently Eastern European countries have begun to show an interest in the Nigerian building and construction industry. Yugoslavs, Bulgarians, Romanians have been appointed in consulting capacities; the Nigerian Engineering and Construction Company is a joint venture between the Federal Government and an Eastern European country. In the joint venture, the Federal Government holds the majority interest.

The industry has not entirely been left in the hands of expatriates. There have grown up over the years a few Nigerian contracting firms whose performance has been remarkable. In this category must be mentioned T. A. Oni and Sons (which later merged with a Dutch company to become Harboni); Akin. Taylor and Sons, Olatunbosun and Adebayo. One notable development of Nigerian participation in the industry is the advent of Nigerian professionals. Most were previously interested only in the consulting aspect of the industry, but in recent years, they have begun to form construction companies. The reason for this change is simple: the liberalisation of credit facilities by finance houses and the formation of merchant banks have removed the old financial constraints on the aspirations of Nigerian professionals.

Nigerian participation has been further increased by the indigenisation decree, which requires that at least 40 per cent. of the share capital of foreign-owned contracting firms is sold to Nigerians. This measure has brought the individual member of the public as well as Government financial participation into the building and construction industry.

Government participation in the building and construction industry is not a new idea. The governments of the old Western and Eastern Regions formed companies in partnership with the Israelis. More recently, Mid-West State of Nigeria has developed wholly owned contracting companies. The experiment has not been totally successful; the Eastern Region Company still exists as an East Central State establishment and is handling major contracts, while the Western Region's counter-part had to be wound up.

Materials

Building and construction contracts under the Third National Plan have not begun to be awarded, but contracting firms like Dumez, and Julius Berger have contracts dating from the Second Plan whose values are as high as between N100-150m. The major difficulties which might impede the full implementation of the programme are shortages of capable construction companies, qualified *high* level and intermediate manpower, building and construction material, and plant and equipment. Many overseas construction companies have expressed their desire to establish in Nigeria, and this is as it should be. The plan itself envisages the implementation of a crash personnel training and recruitment programme aimed at overcoming the shortage of qualified personnel. The problem of the shortage of building material, plant and equipment constitutes a serious threat to the success of the Plan, especially as port facilities have proved inadequate in recent times. It is planned, however, to build more cement factories, establish iron and steel complexes and improve port facilities. The machines and equipment required to build these essential complexes would further increase the strain on the port facilities.

S. O. Fadahunsi

Industrial development must provide employment for the growing urban population and supply the domestic market. But eventually Nigeria hopes to become a major exporter of manufactured goods.

Industrial base

ONE OF Nigeria's main aims under the Third Development Plan is to use its oil wealth to lay the foundations of a strong industrial base. Initially industry will be used to provide employment for Nigeria's growing urban population and to supply the enormous domestic market; but the long term aim is to become a major industrial exporting country.

Manufacturing industry makes up only about 8 per cent. of GDP and this share has risen only slowly since independence, when it was around 5 per cent. Nigerians are fond of pointing out that Brazil, a country with which they feel they have much in common, derives about a fifth of its GDP from industry. Nigerian industry earns on average only about 2 per cent. of the country's foreign exchange.

About half of Nigeria's manufacturing sector is made up of low technology light industry, such as textiles, tobacco and food products. There is only a very small engineering sector, with big gaps being the lack of manufacture of agricultural machinery, electrical equipment and transport equipment. There is practically no industrial chemical, fertiliser or pesticide industry.

One reason for Nigeria's industrial weakness is that talented Nigerians usually prefer to go into commerce rather than into manufacturing, believing that profits there are bigger and come faster, as indeed they often do. Another reason operates in a kind of vicious circle: because Nigeria is not a manufacturing country it has a relatively underdeveloped infrastructure: water supplies, telecommunications, electricity and rail transport are often scarce and are usually expensive: because there is relatively little manufacturing industry there are relatively few skilled workers who could be employed in new ventures.

Finally, as the Government admits, industrial development in the past has been frustrated by the large numbers of permits and licences that have had to be obtained, by delays in payment procedures and difficulties in dealing with customs officials. The Government says in the plan that it is determined to remove this bottleneck, although it is to a large extent the inevitable product of a large, relatively inexperienced and overcentralised bureaucracy and may prove hard to change.

General Gowon takes to the road in Nigeria's first locally assembled car.

About 33 per cent. of the Government spending in the third development plan is being devoted to improving the infrastructure, with transport and communication taking the largest single share. In directly stimulating industry the Government has three main strategies. The first is to set up large-scale heavy industry relying heavily on Government finance; the second is to attract foreign investors to set up major exporting engineering and chemical industries (under the indigenisation decree these companies will be expected to sell part of their equity locally in due course); the third is to encourage small-scale Nigerian manufacturing businesses with loans.

Faltered

The most spectacular Government project is for an iron and steel complex, the idea for which has been around for the last 15 years and various consultants have produced different schemes. Most of these schemes faltered on the poor quality of iron ore which was found in Nigeria. But in 1968 Soviet geologists reported better ore prospects, which were eventually confirmed in 1973 with the discovery of between 86m. and 105m. tons of what is believed to be high grade iron ore at Itakpe in Kwara State.

The Government has now decided in principle to site a blast furnace complex at Ajaokuta on the River Niger, close to Itakpe and also near coking coal discoveries. The plant will be built with Soviet assistance and Nigerians are already being trained in the Soviet Union. But studies are still going on and the project, to which a tentative allocation of N800m. has been given, is not expected to be in production before the early 1980s. When it is going, however, other Nigerian industries should be boosted by the availability of local iron and steel.

The Government wants to increase Nigeria's cement production to bridge the gap between local supply, which is expected to be about 10m. tons in the next five years, and demand, which is put at 20m. tons over the same period. Three new cement plants are planned in which the Government will participate and existing factories will be expanded. The Nigerian Government also intends to go into a joint venture with neighbouring Dahomey to exploit high quality limestone deposits there. It expects to take more than 30 per cent. of the equity and invest about N7m.

Two major car assembly plants have recently started production—a Volkswagen factory at Lagos and a Peugeot plant at Kaduna. The Government is going into partnership with three commercial vehicle makers, one of them British Leyland, to make 18,000 trucks a year in three factories. It is estimated that by the third year of production 15 per cent. of the "completely knocked down" value will be of domestically produced parts. Both cars and trucks of internationally-known marques made in Nigeria will eventually become a big export item.

Chemicals

In the field of chemicals the Government has plans for a petrochemical complex to produce ethylene, polyethylene, chlorine, PVC and other products. It is intended to site it near Port Harcourt, but as technical partners have not yet been chosen the project is a long way from starting. A nitrogenous fertiliser plant is to be built in association with the petro-chemical complex. Two liquefied natural gas plants are to be built with 60 per cent. federal participation, one with Shell-BP and one with Agip-Phillips, at a cost of N1.26bn. Finally the new oil refinery at Warri is under construction and a further one is planned for Kaduna.

As in the big agricultural projects, Government participation is necessary to ensure that the projects actually get off the ground, and to give Nigeria control of its economic destiny, while the private capital involved ensures that the technical partners have a vested interest in the project. But as has been stressed, few of these ambitious projects are likely to come to fruition during the plan period. This is at least partly because of their individual size.

In theory the shortage of Nigerian executive capacity in the industries involved should not be much of a hindrance because the plants are being built and operated by outside organisations. In practice, however, the planning stages which have been handled by the Government have taken much longer than they need have done. The long delays in giving the go-ahead to the vitally-needed Warri refinery (which different contractors have several times offered to build) is a good example. Government processes appear to be unnecessarily complex and the Government is often reluctant to commit itself. It would be remarkable if snags of this nature did not continue to hinder the big schemes in the plan.

The iron and steel complex and the chemical plants eventually will give a useful stimulus to other industries, especially in engineering and chemicals. In the meantime individual States are drawing up plans for the industries they intend to stimulate and the federal Government has committed itself to building model industrial estates in every State. This could result in a wider spread of industry in contrast to its present concentration on a few towns in the south and on Kano and Kaduna in the north.

James Buxton

The country's failure to meet all the demands for power could be a constraint on economic growth

Electricity

ELECTRICITY IS one of the essential public utilities which is lagging behind demand in Nigeria.

The Government itself admits that irregular and inadequate power supply constitutes a "binding constraint" to economic growth and says that despite enormous capital investment in the last five years there has not been much improvement in power output.

Generating capacity from hydroelectric and thermal stations remained relatively stagnant at about 690MW while consumption rose from 1,100m. kWh to 2,000m. kWh between 1970 and 1974—an annual growth rate of about 20.5 per cent.

The post-war oil boom and the phenomenal growth of industry, commerce and urbanisation has left the National Electric Power Authority (NEPA) hard pressed to maintain an adequate supply of power. It is a target of severe Press and public criticisms for apparently deteriorating service characterised by frequent power failures and load shedding.

NEPA is not altogether to blame for the power shortages, which are expected to persist for some time to come. There are time lapses of over four years between project initiation and completion. A case in point is the delay in building the additional gas turbines and generating sets planned several years ago for the Delta power station and the Kainji dam, but not yet in commission.

Poor maintenance of the existing thermal power stations and congestion on the distribution and transmission facilities are other problems.

But the Government has drawn up a plan with a ten year time scale to increase the generating capacity, extend transmission and distribution lines to accommodate load growth and ensure that the economic and social development of the country is not hampered by endemic shortages of power supply. Emphasis will be placed on hydro-electric power development in view of its less complex operational and maintenance problems and all the idle capacity at the Kainji dam in the north will be utilised.

Turbines

NEPA will continue to phase out its small and uneconomic isolated undertakings and concentrate on the construction of large generating facilities in order to deliver power at much lower unit costs and economise on scarce manpower.

It is hoped to generate an additional 1,050MW by 1980, bringing the total generating capacity to 1,740MW—which would be enough to meet the country's projected demands in the next five years with a small reserve margin.

Four gas-fired steam turbine generating units of 120MW each are to be installed at the thermal station in the mid-western town of Sapele at a cost of N115.5m. The Afam power station will be extended from 55MW to 100MW, while a second gas thermal plant with a rated output of 120MW will be installed at the Ugheli plant.

Generating units at Kainji will also be increased from four to eight to raise power output from 440MW to 760MW, while three new hydro-electric projects with a combined capacity of 830MW will be built on the Kaduna and Gongola rivers and near Jebba.

The hydro-electric potentials of three dam sites at Ikom, Makurdi and Lokoja, estimated at 400, 600, and 1,950MW respectively, will also be tapped.

NEPA is to install by 1980 additional 3,144 kms. of 330 kV and 2,272 kms. of 132 kV transmission lines to cover all but the remotest parts of the country.

The highlights of the N220m. investment include transmission lines between Sapele-Benin, Benin-Lagos, Benin-Onitsha, Kainji-Lagos and Jebba-Oshogbo-Ikeja. Another 35 transmission extensions and improvements are also scheduled for the 1975-80 Development Plan period.

Rural electrification schemes will receive a fresh impetus. About 250 rural communities are expected to be electrified by 1977, while another 250 towns and villages may be connected to the national grid by 1980.

In order to eliminate the adverse effects of manpower shortages—a common problem for development efforts in Nigeria—the two training schools for operation and maintenance staff will be expanded at a cost of N10m.

Taiwo Ogunyemi
Lagos Correspondent

Free primary education is one of the main planks of Nigeria's current education policy. The cost of this scheme will be enormous and the programme for the next five years is not likely to be completed on time. There is also a growing need for better secondary education, and the shortage of qualified teachers is likely to prove a major stumbling block.

The education explosion

NIGERIA IS ABOUT to embark on a massive five-year explosion in education which will cost more money than was spent in the whole second national development plan. The most spectacular part of the development is the attempt to fulfil General Gowon's promise to establish free universal primary education.

General Gowon made the promise in January, 1974, in reply to a question from a little school girl in Sokoto, in the North-West. He told her that universal primary education (UPE) would be established in April, 1975. Federal officials soon rephrased the announcement, however, saying that UPE for six-year-olds would be launched in 1976 and would be progressively extended to 1979 when it would become compulsory.

To understand the magnitude of that commitment it is necessary to venture into the plethora of statistics with which education in Nigeria is beset. In the whole country in 1973, 4.75m. children were in primary education. If the target of UPE is achieved there will be an estimated 11.5m. children in primary schools in 1980—an increase of 130 per cent. in five years.

Between 1960 and 1971 primary enrolment increased by 25 per cent. from 2.9m. to 3.8m. Thus in the next five years Nigeria is trying to achieve more than five times the percentage increase accomplished in the 1960s in half the time. To meet the target, the number of primary teachers will have to increase from 150,000 to 330,000 by 1981, meaning an annual net increase of 40,000: an extra 150,000 classrooms will have to be added to the estimated 120,000 already in existence: 60 to 70 new teacher training colleges will have to be built *each year* for the next three years (there are about 140 at the moment) and 30,000 extra trainee teachers will have to be enrolled each year (the present annual intake is 13,500), and at least 2,300 teacher educators will have to be recruited or trained to join the present 1,500.

The Federal Government is paying both the capital and the recurrent cost of UPE, allocating N300m. to new schools and N200m. to teacher training. A crash programme of school building has been ordered and teacher training colleges have already increased their intake.

Distorted

These statistics give some idea of the global scale of UPE. But they give a distorted picture of the reality. Primary education is very unevenly spread in Nigeria. More than a quarter of the primary school population was in East Central State in 1973. East Central, Lagos and Mid-West are close to UPE already. In other southern states there is still some way to go, while in the six northern states primary education is on a tiny scale by comparison with the south. In Kano state 120,000 children are in state primary schools: the 1980 UPE target is just over 1m. In the six states there are just under 1m. state primary school children; this will have to increase to an estimated 5.48m. by 1980, an increase of more than 450 per cent.

Travelling in Nigeria one finds a contrasting picture. In the south officials are reasonably confident of meeting their UPE targets. In East Central, for example, a crash teacher-training programme is already underway with about 6,000 extra teachers enrolled. In Rivers State, output of teachers is held back because the advanced teacher training college needed to train teacher educators will not be able to expand its intake until its new premises are ready in 1978, so it does not expect to be on stream until 1981. But this is still good compared with the north.

North Central State is one of the better-off northern states for education and hopes to have expanded the number of teachers under training from 20,000 to 28,000 by the end of the year. But this is behind schedule and far short of the total needed. The main reason for the shortfall is that the federal Government has only supplied 27 of the promised 200 teacher educators needed. Meanwhile the school building programme which should have started in 1974 is barely underway. The state does not really envisage getting more than about three quarters of the way to UPE by 1980.

UPE is held up by the logistical impossibility of suddenly producing the vast numbers of teachers required—something that depends on building colleges for them and on having enough teacher educators to teach them. Although it is not usually hard to find the candidates for teacher training colleges, up to one fifth of those leaving the colleges do not go into teaching at all. This is partly because the teacher training course is seen as a useful stepping stone to other academic courses or to jobs, and partly because teaching at present is not very highly regarded in Nigeria. Conversely, every educated Nigerian who is attracted into teaching is a loss to other professions which badly need him.

There is also the problem of building the schools and, probably more important, the houses for the teachers. This requires planning and administration, and means a permanent battle against the shortages of construction capacity and materials in Nigeria. It is unlikely that the 1976 proposed intake of 2.5m children will be achieved.

The federal Ministry of Education and the ministries in the states have been making strenuous efforts to prepare for UPE, and both teachers and teacher educators have been hired abroad. Yet at the federal level it is difficult to avoid the impression that the approach is somewhat starry-eyed: for example, while UPE is only being offered to those aged six in 1976, some officials claim that it will be possible to take children aged seven, eight, nine or ten as well—an enthusiastic attitude which appears to disregard totally the statistical realities.

An excess of enthusiasm may be natural in a country which has an almost emotional attachment to education. What is perhaps more serious is that the UPE scheme appears to have inadequate answers to some of the problems it is throwing up, and that in concept it seems to beg several important questions.

Literacy

Enrolment figures in the mainly Moslem north — especially the "far north"—are, as has been stressed, very low, and, according to the definition laid down by UNESCO, literacy is only about 15 per cent. But this does not take into account the fact that 75 per cent. of all children (and 95 of all boys) go to Koranic or Islamic schools where they learn the Koran. If literacy were judged on ability to recognise Koranic texts which have been learnt by rote literacy in the north might be put at 65 per cent. or more. The future of the Koranic schools is one of UPE's unsolved questions.

Koranic schools adhere rigidly to the Koran which provides a moral framework for life but confers little practical information. One proposal is that State primary schools should develop alongside the Koranic schools and that the common practice of sending children to State schools in the morning and Koranic schools in the afternoon should simply continue. A more ambitious idea is that the Koranic schools should be expanded into primary schools —thus "nationalising" them and making them teach the three Rs in addition to the Koran.

Although this would make more economical use of facilities it would mean merging two quite distinct cultures and would not appeal to many teachers. This leads on to the whole question of the cultural effect UPE is really aiming at in the north. It is hard to tell whether or not the federal Government has considered the question. Many families, fearing that UPE threatens their way of life, may well resist it strenuously. Even if they do not oppose it on cultural grounds, they are very likely to do so on grounds of economic practicability; they sensibly realise that a child away at school all day means one pair of hands fewer on the farm: that the child may leave the land altogether and drift into the "sinful" life of the city; and that UPE may qualify the child for a job which does not exist. UPE has landed state governments in the north with the task of dealing with human problems like these.

One has a similar feeling that UPE is often seen as an end in itself when one considers the impact it is likely to have within the education system. At present the ratio of primary to secondary education is about 90:10, which, the Third Development Plan notes, compares unfavourably with the ratio of 60:40 in many advanced economies. This should not overlook the fact that since independence expansion in secondary education has been far faster than primary—enrolment grew by 153 per cent. between 1960 and 1971, when it reached 343,313, and by 1973 enrolment had reached 448,904. Its annual rate of expansion is about 11 per cent. compared to primary's present rate of 5.5 per cent.

Under the Third Development Plan Nigeria intends to boost its secondary enrolment by about 1m. to 1.55m. in 1980. This means spending nearly N1bn. (the total allocation for education in the plan is N2,5bn.) building about 800 schools and producing about 10,000 new secondary teachers each year, to cope with the estimated 200,000 pupils expected to go into secondary schools annually.

If UPE plans are fulfilled, 11.5m. children will be receiving primary education by 1980. Current plans envisage an addition of 150,000 primary school classrooms to a total of 120,000 now in existence.

Expensive

Even if this is achieved—and it is subject to the same physical constraints as primary education, while being much more expensive per pupil—the ratio of primary to secondary education will hardly have altered Instead of being 90:10 as at present it will have become about 88:12. In order to alter this ratio there will have to be further massive expansion of secondary education in the 1980s, assuming that UPE has by then been achieved. A transition rate from primary education to secondary education of 50 per cent. is envisaged for the early 1980s.

The expansion of secondary education, including technical education, is essential anyway for Nigeria's manpower needs. If primary education expands as planned it will consume resources, especially human resources, which might otherwise have gone into secondary education. It will make the education system expand so fast that it may be hard to keep proper control of the curriculum, and of teaching methods and standards. Finally, it will amount to a commitment to spend increasingly large sums of money on education year by year, so that education risks taking up a dangerously large proportion of the GNP at a time when Nigeria's main source of income, oil revenue, may well be in relative decline.

But it is churlish to end a discussion of an obviously noble and egalitarian project such as UPE on such a sceptical note. Nigeria already has one of the best education systems in Africa and it has the emotional commitment and the financial wherewithal to let more people share it.

James Buxton

Relations between Nigeria's government and the universities have been under strain for some years. Ethnic problems have been at the forefront of the disagreements but there is also a fundamental difference of opinion about the role that the universities should play.

The universities

BY 1980 Nigeria will have no less than ten universities, five of which will have been established by the ruling military regime. There will then be some 44,000 students in the universities, about double the present (1975) total figure. There can be no denying that university education in Nigeria has come a long way since the establishment of a University College at Ibadan in 1948. (This became the first university in Nigeria, the University of Ibadan, in 1962.) Under the current five-year Development Plan, the Government is proposing to spend N2.5bn. as capital investment in education, a figure which represents roughly 8 per cent. of projected total capital expenditure by the Government.

Nigeria's universities fall into two categories: Federal and State. Of the former, there are at present four: the universities of Ibadan, of Lagos, of Nigeria (Nsukka) and of Benin. This number is expected to increase to eight, with the establishment of four new universities at Maiduguri, Sokoto, Jos and Calabar, during the current plan period. The State universities are the University of Ife and Ahmadu Bello University in Zaria. By 1980, therefore, there will be four universities in the "Northern" States and four in the South, a distribution which no doubt reflects part of the political realities of contemporary Nigeria.

Source

Whether the universities are Federal or "State," the main source of funds is now the Federal Government, which channels its financing through the National Universities Commission, a body not unlike the University Grants Committee in the U.K. But with the increasing dependence of the universities on Government, there has arisen the whole question of university autonomy, a question which underlines every discussion of the relationship between the Government or the State and the universities. The question has become more important in the last couple of years as, in the absence of any organised opposition, the universities are coming to see themselves as guardians of the "social conscience" of the country.

An example of this is the students' demands made earlier this year. These were that the Government should accept as a matter of urgency a policy to provide free education for all, proclaim as a matter of urgency a policy to rehabilitate the extremely deprived members of the society (such as the beggars who are to be seen in every town) and announce a programme of a return to civil rule. To back up these and other demands (for example that the Government should release to the public the salary scales paid to members of the armed forces) students at Ahmadu Bello University embarked on a boycott of lectures, which lasted for a week. The boycott was taken up at the University of Ife and, after over a week, the Council of the University thought it wise to close the University to students.

The closure of Ife became the signal for the students at Ibadan and Lagos to follow the example of their Ife colleagues. A similar boycott of lectures at Ibadan and Lagos rapidly degenerated into violence and some vehicles belonging to the Government were burnt by the students. The authorities of Ibadan and Lagos were also forced to close their universities. When, after a week, Ibadan and Ife sought to reopen, they and Lagos were ordered by the Government to stay closed, which they did for about a month. None reopened until the Government gave them permission to do so towards the end of March, following which all three universities resumed normal duties on April 1.

The brush with the students was no isolated event. Two years earlier there had been a similar confrontation between the Government and the teaching staff. The reason then was the demand by the teachers for salary revision. Their salaries, they claimed, had remained unaltered since 1958. The Teachers Associations called on their members to embark on a strike, an action which—since there was a decree banning strikes—the Government interpreted as a breach of the law and against which it reacted by ordering them to return to work failing which they were to vacate the University houses in which they lived within three days. Troops were put on the alert, ready to enforce the "quit order" notice if the teachers refused to call off the strike. A climb-down by the teachers—almost at the last moment—saved what could have turned into a major catastrophe.

The teachers having called off the strike, the Government for its part undertook not to insist on the teachers signing a pledge to be of "good behaviour," a demand which the Government had made when it issued the "quit" order.

Strained

It is not too difficult to explain the strained relationship between the Government and the universities. Ethnic differences have always been a source of friction in Nigerian society, and the universities have not been immune from this malaise. Whenever, therefore, the occasion arises to appoint top university executives, there have been periods of extreme and intense competition between the various ethnic groups, competition which in some cases has led to open conflict. A good example of this is the dispute over the appointment of a Vice-Chancellor to the University of Lagos in 1965. The conflict which arose over that appointment all but resulted in the destruction of Lagos as a University. In fact, some would argue that Lagos has never quite recovered from the losses it suffered when a number of the ablest academics resigned in protest over the way Dr. Biobaku was appointed Vice-Chancellor.

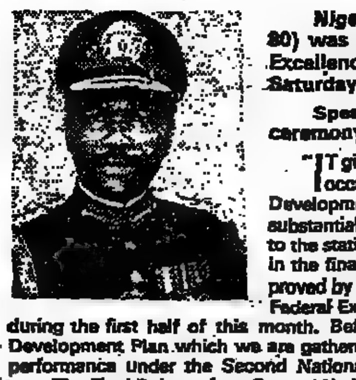
Ibadan has not been without its share of ethnic pettiness and Van de Berghe has documented Ibadan's history of ethnic squabbles in his study of "Power and Privilege in an African University." It is in the light of this history of ethnic conflicts that one can understand some of the recent Government actions. Besides being the one who pays the piper and is therefore in a position to call the tune, the Government argues that since the universities appear to be unable to manage their domestic affairs peacefully, then as the body responsible for the maintenance of law and order, it could not remain indifferent. To this end, the Government has had the charters of the universities revised to give greater Government control over the appointment of the members of the governing councils. The Government has now reserved to itself ultimate responsibility for the appointment of vice-chancellors, a task previously carried out by the councils of the universities. And that is not all. The Government has also sought to dictate to the universities what they should be doing. Thus it has "suggested" that universities without Schools of Basic Studies may want to examine the advisability of introducing such schools.

These actions have been interpreted by the academics as serious encroachments on the autonomy of the universities. There is a real fear that unless the Government is somehow checked, it may one day want to determine what should or should not be taught in the Universities, or who should or should not be appointed to academic posts. This fear is all the more real since the universities have taken on the role of critics of the Government and its policies, and no one familiar with the contemporary Nigerian scene will deny that there is a lot that needs to be criticised.

But perhaps central to the "cold war" between the Government and universities is a basic difference in outlook about what purpose a university is expected to serve. To many people in the Government, the university is no more than just another "factory" geared to the production of skills which society needs. To the academics, the university is a place for free and unfettered enquiry into any and every facet of man, his society and his total environment. The two views are incompatible, but on their resolution must depend the fate of Nigerian universities as institutions of higher learning.

Dr. B. J. Dudley
University of Ibadan

General Gowon launches Third National Development Plan



Nigeria's Third National Development Plan (1975-80) was formally launched by the Head of State, His Excellency General Yakubu Gowon, in Lagos on Saturday, March 29.

Speaking to a large gathering at the colourful ceremony, General Gowon said:

"IT gives me great pleasure to address you on this historic occasion before formally launching the Third National Development Plan 1975-80. You will recall that I devoted a substantial portion of my National Day Broadcast last October to the statistical framework of the Plan which at that time was in the final stages of preparation. The Plan has now been approved by Government after exhaustive discussion by both the Federal Executive Council and the Supreme Military Council during the first half of this month. Before going into the details of the Third National Development Plan which we are gathered here to launch, it is proper to review briefly our performance under the Second National Development Plan 1970-74.

The Final Report of our Second National Plan will give in greater detail the achievements under that Plan sector by sector. Under that Plan, most of the reconstruction work necessary as a result of the civil war were commenced. Today, in the field of Agriculture most of the farms and plantations abandoned during the war have been rehabilitated and brought back to production. *It is not often realised the great effort that this has entailed and how important* this rehabilitation programme has been to the resettlement of those of our brothers and sisters whose means of livelihood and way of life had been disrupted by the war. One of the clearest evidence of the success of the Federal Government's reconciliation efforts soon after the war was the great co-operation which the Government received under the programme from those in the war-affected areas. Furthermore, in recognition of the importance of agriculture to the nation's economy, Government intensified its agricultural expansion services and increased the supply of fertilizers and other requirements to the farmer. The reorganisation and reforms of the Marketing Board system enabled the farmer to receive higher prices for his produce; and in order to supplement the farmer's efforts in food production, Government established Food Production Companies which brought under cultivation over 60,000 acres in the period.

One major problem that beset the manufacturing sector at the beginning of the Second Plan was the need to reconstruct industrial facilities damaged during the war. One is happy to record today as one of the major achievements of the period that we are now in a position to say that most of the damaged facilities and industrial establishments have been fully reactivated *and in some cases, such as the Nkalagu Cement Works, substantial expansions have either* been completed or well underway. It is the same story in the South-Eastern State and the Rivers State. The manufacturing sector like all other sectors witnessed the establishment of new ventures. Two salt refineries at Ijoko and Sapele are soon to go into production; the Peugeot motor car assembly in Kaduna and the Volkswagen one in Lagos have been commissioned and are in production; the superphosphate fertilizer plant at Kaduna is under construction; the fishing trawling projects are at an advanced stage of implementation and many other projects have had studies completed on them for implementation in the Third National Plan.

The last four years saw the construction of about 3,520 km or 2,200 miles of roads while work is underway on various other roads with a combined length of about 2,560 km or 1,600 miles. During the period the Enugu Airport was reconstructed while contract for the construction of the airports at Kano, Lagos, Jos, Ilorin and Calabar have been awarded.

The achievements in the field of education during the Second National Plan has been phenomenal. Primary school enrolment which stood at 3.5 million in 1970 shot up to 4.5 million by 1973. Secondary school enrolment which stood at 343,000 in 1971 nearly doubled, reaching a figure of 649,000 by 1974. University enrolment which stood at 14,500 in 1971 had risen to about 25,000 by 1974. These expansions had in turn necessitated the expansion of existing facilities by the Federal and State Government. In the case of the Federal Government, it has involved amongst other things the establishment of Federal secondary schools for boys and girls all over the country, the establishment of three new schools of Arts and Science and the take-over of the University of Nigeria, Nsukka.

Much of what I have said so far is contained in past statements by Government and Government functionaries. But it is necessary to point to some of them if the direction in which this nation is to be launched by the Third National Development Plan is to be fully appreciated. I do not intend to say anything further about the Second Development Plan just ended, partly because the Final Report on the Plan will detail our performance under that Plan and also because the States will no doubt highlight their own achievements under that Plan when they launch their portions of the Third National Development Plan in the early months of the Financial Year.

During my National Day Broadcast last October, I announced that the aggregate investment to be undertaken by the Federal and State Governments in the various sectors of the economy would be of the order of N20 billion, while the aggregate private sector investment programme was estimated at N10 billion giving a total investment of N30 billion. The magnitude of what we have planned to achieve under the Third Development Plan can be seen in better perspective when we bear in mind that as against the figure of N30 billion projected for the Third Plan the Second Plan had a projected capital expenditure of only N3 billion. Although the total capital expenditure under the *Second National Development Plan* was revised for several reasons which I need not go into here, so that the capital expenditure between 1970-74 was of the order of N5.3 billion, the level of expenditure anticipated under the Third National Development Plan is of such a magnitude that every Nigerian and every foreign interest amongst us must redouble his effort if we are to achieve the high standard and level of performance that our resources entitle us to attain at the end of the period.

The philosophy underlying the Third National Development Plan is still the five national objectives so clearly set out in the *Second Development Plan*. In approach, *the Plan document* analyses the problems of the nation in each area of human endeavour and offers a package of solutions in the form of policies and direct government investments in specific projects and programmes. The guiding principle is the total commitment of the Federal Military Government to the provision of equal opportunities for all Nigerians regardless of the place of birth, origin or abode. I would like to emphasise that the development schemes we are now embarking upon are the boldest we have ever had. They could be bolder still but for physical constraints and the *limitations of the time itself. Since succeeding plans have to be based on the success and* failure of preceding ones, our future plans will be bolder only to the extent to which we are able to make the plan we are about to launch succeed. I would now like to review briefly the Plan sector by sector; the details of which you will find in the Plan document.

Agriculture and Rural Development

It is in the field of agriculture and rural development that the concern of the Federal and State Governments for the welfare of the individual must manifest itself. Agriculture has always been the most important *single activity in the economy. It provides gainful opportunities* and livelihood for the vast majority of our people while supplying food to the general population and raw materials to industry. From the early 1920's until recently it was the most important earner of foreign exchange and therefore the prime mover of growth and modernisation. For the future, it is certain that agriculture will for a long time to come continue to be the occupation in which the vast majority of our people will be engaged.

It follows therefore that any serious effort to improve the standard of living of our citizens *must of necessity give the greatest possible attention to agriculture and rural development.* N2.2 billion has been allocated to agricultural projects in the Plan. This will make it possible for farmers to obtain fertilizers, pesticides, and other agricultural inputs at heavily subsidised prices. In addition, tractor hire services and land development schemes will be expanded and financed as an additional help to agricultural production. In order to bring its lending facilities closer to the farmer for whose benefit the Nigerian Agricultural Bank was established, the Bank will set up branches in various parts of the country. Accordingly Government will make available to the Bank over the next five years, as much resources as the Bank can usefully and effectively lend to individual farmers, groups of farmers, agricultural companies and co-operatives.

Government is convinced that assistance to the farmer by way of subsidised inputs and credit will yield for the farmer higher production. If the farmer is to derive higher incomes which Government plans that he should receive from his increased output, he must be in a position to store his crops, and he must be able to get them to the market. The plan has therefore provided for bold schemes for storage facilities and for farm-to-market roads in the rural areas. Strategic grain reserves are being set up in every part of the country. Recently, the Federal Government took over Trunk B roads from State government, the intention being that having been relieved of the financial burden over Trunk B roads the State governments in turn, will be able to take over some of the Trunk C and Local Authority roads. Most of these roads, especially those in the rural areas, have been scheduled for reconstruction during the Third Plan period.

The Marketing Board system was reformed in 1973. This has already led to substantial increases in producer prices, amounting, in certain cases, to a doubling of prices in the last two years. *During the Third Plan period, the new system will continue to offer reasonably high* prices to farmers. The grain production and marketing company which is now being set up, will play the dual role of stabilising the prices of food grains while at the same time guaranteeing minimum prices and incomes to the farmers.

The provision of credit, monetary incentives and supporting services to the farmer constitute only one of the two elements in the strategy adopted for agricultural development in the Plan. The second is direct Government investment in large-scale plantations, land development and irrigation schemes. It is necessary to supplement the farmer's efforts in these ways if we as a nation must become fully self-reliant in the supply of food to our large and growing population.

It is now increasingly realised and Government is very conscious of the fact that the welfare of the rural population does not depend solely on agricultural investment and production. An important means for increasing rural incomes and the quality of life in rural areas is the provision of essential facilities through Government investment in services such as health, education, water supply and electricity. Government plan to provide these facilities will be mentioned in the relevant sector of the plan.

Education

The total government expenditure for the education section during the Plan period will be over N2.5 billion. As already announced last year, the Universal Free Primary Education scheme will commence in September 1976. The scheme when fully implemented will provide equal educational opportunities for all Nigerians irrespective of where they live in the country. *Under the scheme, primary school enrolment, which now stands at about 5 million, will rise to* 11.5 million by 1980. This will call for great effort in the provision of physical facilities and the training of teachers. Over 150,000 classrooms will be provided for pupils at an estimated cost of N300 million during the period. In the training of teachers over 6,600 additional classrooms will have to be provided in Teacher Training Colleges for primary school teachers at a cost of N200 million.

The take-over of primary education from the States' Governments will further enable the States to devote greater *resources to projects and schemes beneficial to their people.*

At secondary school level it is the aim of the Government to at least treble by 1980 the secondary school enrolment which are present stands at half a million. Our secondary school enrolment therefore should stand at approximately 1.5 million by 1980. One of the greatest handicaps in secondary education is the inadequacy of existing facilities in terms of quantity and quality. In order to remove this obstacle, Government has decided during the Plan period to undertake a major programme of improvement of and expansion of existing schools. In order to achieve a wider spread *of secondary school facilities, however, about 300 new secondary* schools will be opened throughout the country during the Plan period.

With regard to university education, it is intended to more than double the present enrolment during the Plan period. Accordingly, university enrolment, which now stands at about 23,000, will increase to about 53,000 by 1980. This will call for the expansion and consolidation of the existing universities. Government has also decided to establish four other new universities under the plan. In prosecuting the university programme care will be taken to ensure that the pattern *of enrolment accords with the manpower needs of the nation.*

The trend of Government policy on education is clearly in the direction of free education at all levels – primary, secondary and university. I should like to stress that this does not mean that education will be free at all levels tomorrow or next year or the year after. We have started with Universal Free Primary Education, we shall gain some experience from the scheme which would certainly affect future policy on education. All I can say is that just as Government *decided to make primary education free when it felt sure that it could take on that burden so* will it keep the existing education policies under review and take from time to time decisions in the best interest of the nation.

In respect of the secondary schools, Government has decided to bring some measure of immediate relief to those who now bear the burden of high secondary school fees. Government has decided that with effect from the next school year all tuition and boarding fees will be reduced in all secondary schools to the level of the lowest fees currently charged at Federal *Government Secondary Schools. University education is already very heavily subsidised by* Government. Government will continue to pursue its policy whereby deserving students in financial difficulties are assisted by way of scholarship, bursaries and loan schemes.

Health

Hitherto limitations of resources of manpower shortage have not made it possible to provide the level of health care that Government would consider adequate for our people. In this Plan period, a total of about N700 million has been allocated for health programme. Government has decided under the programme to introduce basic health scheme which will bring curative and preventive medical care within relatively easier reach of the general population. The eradication and control of preventible diseases such as smallpox, malaria and tuberculosis, will engage the attention of the health authorities more than ever before. Regarding malaria in particular, Government has allocated N20 million for the first phase of its malaria eradication programme.

No matter how comprehensive and effective our preventive services may be, the need for improved and expanded curative facilities will continue to grow. Consequently, an ambitious programme has been drawn up for curative services in the Plan. In 1974 we had in the country, about 5,000 health establishments of all categories, with a total of 43,000 beds. During the five-year Plan period, we plan to set up over 6,000 new health institutions, with a total bed complement of about 90,000. We plan also to establish, staff and equip 12 new teaching hospitals, 110 new general hospitals, 1,400 health centres and 6,000 health clinics. An important feature of the health programme is the provision of 1,500 mobile health clinics for rural settlements which may be too remote or widely dispersed to have their own health institutions.

Industry

The industrial programme in this Plan, it is hoped, will constitute a turning point in the history of our industrial development. Hitherto, manufacturing industry in Nigeria has been concerned principally with the production of light consumer goods such as beer, soft drinks, cigarettes, shoes and textiles. The nation is now on the threshold of an industries revolution which will be characterised by the production of consumer durables such as motor cars, and *capital goods such as trucks, iron and steel and petro-chemicals.*

The Iron and Steel Project which appeared in our First and Second National Plans will definitely be implemented during the Third Plan period. It is our expectation that if our implementation schedule is fulfilled, the steel complex should reach the production stage by 1980 or soon thereafter. The blast furnace mill proposed at Ajaokuta will have a capacity of 1.5 million metric tons of PG iron per year. A tentative allocation of N800 million has been made for this project. Since our annual demand for steel is likely to be as high as 3.5 million tons by 1980, it has been decided that the Ajaokuta Blast Furnace Factory should be supplemented with two direct reduction plants, each with a capacity of 500,000 tons. Thus, the three steel factories to be established by Government in the next five years, should be able to supply the bulk of our requirements of steel and steel products.

The plan of this nation to produce steel from her own resources has not been an easy one. Quite apart from the obstacles introduced by internal political wrangles of the past regarding location, conflicting and sometimes subjective consultancy reports and recommendations, confused and delayed the necessary planning. Equally important in delaying our plans is the fact, which many Nigerians do not seem to have appreciated, that powerful foreign interests afraid of losing their Nigerian market discouraged and tried to dissuade Government not to pursue the project. Since until recently, the plan was to use iron ore, cokeable coal and loans from foreign sources for executing the project, we were vulnerable to pressures from foreign interests. It is because we are now in a position to finance the project from our own resources and have been fortunate to discover suitable iron ore and coal within our borders, that we are now in the happy position to say that the implementation of the project will commence during this Plan period. There will be difficulties ahead, but this Government will do everything in its power in co-operation with its technical partners who are doing a good job to surmount these difficulties.

Other areas in which Government intends to make sustained effort in the Plan period include those of liquefied natural gas, fertilizer and petro-chemicals. Two liquefied natural gas plants, each with a capacity of one million cubic feet per day, will be built early in the Plan period. A petro-chemical complex and a nitrogenous fertilizer plant will also be established to utilize the country's abundant natural gas. When completed, these three projects will absorb the associated gas produced in our oil fields and thus bring to an end, the wasteful flaring of this important national resource.

Government plans to establish two petroleum refineries at Warri and Kaduna. It also plans to expand the Port Harcourt Refinery. For these projects a sum of N350 million has been allocated. The total capacity of the three refineries when completed will be 250,000 barrels per day. In furtherance of our policy of upgrading primary products before they are exported, Government *will establish two export oriented refineries each with a capacity of 300,000 barrels per* day at a total cost of about N780 million. This will be a guarantee against domestic shortages as the refined products of these refineries can always be diverted to meet domestic needs when necessary.

When the Port Harcourt refinery was designed the nation was assured that its products would meet Nigeria's needs well into the 1980's. This we all know to put it mildly has proved not to be the case. The greater proportion of the petroleum products consumed in Nigeria still *has to be imported because the Port Harcourt refinery cannot meet our needs. As a stop-gap* before the new refineries proposed come into production, Government has already decided to install a number of skid-mounted mobile refineries capable of refining at least 500 barrels of oil daily. A skid-mounted mobile refinery capable of refining 20,000 barrels of crude oil per day has been approved for the Port Harcourt refinery. This and other smaller ones should be installed within the next few months at various well-points in the oil producing areas.

Oil shortages are experienced from time to time in parts of the country even when there is *enough supply in the country to meet demand. On such occasions, shortage is usually caused* by distribution problems. In order to minimise such occurances in the future, Government proposes to construct oil pipelines from Warri to Kaduna, from Port Harcourt to Enugu, and from Warri to Ibadan or Abeokuta. The Warri-Kaduna pipeline will be used initially to transport products, but on the completion of the Kaduna refinery, it will be converted into a crude pipeline which will supply crude oil to that refinery. A total of N350 million has been allocated for this piping programme.

Roads

As in the past, the transport sector will have the largest share of investment resources during the Third Plan period. Over N7 billion has been allocated to the sector. An important highlight of the transport programme is the substantial increase in the Federal road mileage from about 7,000 kilometres or 4,375 miles to approximately 30,000 kilometres or 18,750 miles, as a result of the take-over of Trunk B roads from State Governments. The State Governments will now be able to take over some Trunk C and Local Authority roads and so bring the benefit of good roads to remote areas within the State. The objective of Government in its road programme is to provide the nation with a dense network of high quality arterial highways able to bear its own share of anticipated increase in the movement of goods and persons across the country. Some of the major arterial highways will be dualled during the Plan period and a number of North/South as well as East/West Trunk roads will be constructed in furtherance of our objective of bringing the various parts of the country closer together for the overall economic and social benefit of the nation.

The problems of the Nigerian Railway Corporation are well known. I will therefore not enumerate them in this address. Suffice it to say that a total of N885 million has been allocated to railway development and a bold new effort will be made to grapple with the well known problems of the Nigerian Railway Corporation during the Plan period. This will include the commencement of the complete reconstruction of the nation's railways system to modern standards using the wider 1.43 metre standard gauge.

About 3,000 kilometres of new track will be constructed in the 1975-80 period and the full reconstruction is expected to be completed in about 10-15 years. Whilst the reconstruc*tion is in progress, a number of remedial measures will continue to be taken to improve the* operational efficiency of the corporation. The more dangerous curves and steep grades will be eliminated and a limited track improvement and relay programme will be undertaken with emphasis on ensuring safety and enabling trains to achieve an average speed of 60 kilometres per hour. Of course, more locomotives and waggons will be acquired to enable the railways to continue to meet its commitments. Combined with the imminent reorganisation of the corporation itself, these various investment proposals should put the railways in a better position to perform its important role in the economic and political life of the country.

Ports

I now turn to the port development programme for which a total of N262 million has been allocated. You must be waiting anxiously to hear what the plan has to offer as an answer to the bunching and congestion problem at the ports. Already the responsible agencies of Government are pursuing vigorously short-term measures for coping with the present emergency. These include utilising port facilities in neighbouring African countries, the use of lighters and barges for mid-stream off-loading and the provision of more and better mechanical handling equipment at the ports. But the permanent solution lies in the construction of additional berthing facilities and this we propose to do in the next few years. Due to physical limitations at Apapa, only six new berths can be built at that location.

The contract for the construction of these additional berths has already been awarded. Furthermore, four new berths will be provided in each of the ports at Warri, Calabar and Port Harcourt. It is of course obvious that the addition of eighteen new berths to the existing stock will be inadequate for the projected level of traffic in 1980 and beyond. Provision has therefore been made for construction of new port facilities in new locations which are under active consideration. Our aim is to create excess port facilities as a means of avoiding the expensive and frustrating delays currently being experienced at our major ports, which can adversely affect the implementation of the plan and future ones.

Air Transport

Under the Plan, a total of N537 million has been provided for the airways and aviation programmes. *In the airways programme urgent attention will be given to the development of* the domestic and West African routes. For this purpose seven new aircraft will be purchased and put into operation early in the Third Plan period. Moreover in order to enable The Nigeria Airways extend its services to all parts of the country and make optimum use of its aircraft capacity, seventeen modern airports will be constructed between now and 1980. As these programmes are progressively implemented, Government will review the level and structure of air fares with a view to bringing air travel within the reach of the average Nigerian.

Power

At the present time the level of power generation and consumption in Nigeria is of the order of 474 megawatts. This figure, it must be said, does not include suppressed demand which cannot be met due to generating and distribution limitations. In the course of the Third Plan period, an additional capacity of 1,000 megawatts will be installed and integrated into the national grid so that by 1980 electric power supply will be three times its present level. As already indicated in my National Day speech of October 1, 1974, distribution facilities will be substantially improved and expanded to ensure that interruptions in power supply are eliminated or, at least, reduced to tolerable proportions. Services to rural areas will increase substantially. By the end of 1977 it is expected that the National Electric Power Authority (NEPA) rural electrification scheme would have connected about 250 rural communities to the national grid. In addition, the State Governments have allocated nearly N150 million for their rural electrification programmes.

Communications

A total of N1.3 billion has been allocated to the communication sector. As in some of the other sectors, the problems of our telecommunications systems are as serious as they are well-known. The explanation of course has been the gross under-investment in this sector over the years. Now that we have more resources at our disposal we propose to upgrade and expand the system so that existing telephones can give satisfactory and regular service while demand *for new facilities can be met with minimum delay.*

More specifically we plan to make available to subscribers in the next five years, a minimum of about 430,000 additional telephone lines as against the existing 52,000 lines. This means more than eight times the existing telephone facilities.

The Nigerian External Telecommunications has a programme of N69.3 million covering the improvement of international telephone services, the introduction of limited automatic dialling services, improvement of telex and telegraph services and a number of other mis*cellaneous projects. The Earth Station second* antenna will be installed at Lanlate which will extend the direct communication coverage of this station to nearly two-thirds of the Global surface. This will substantially improve the capacity of Nigerian External Telecommunications (NET) which now routes telephone traffic to Eastern countries through European switching centres. In addition, a second gateway will be built during the Plan period.

Finally, the communication programme also includes a substantial expansion of postal facilities. The target of 10,000 postal establishments by 1980 includes 622 new Post Offices, the modernisation of 131 existing Post Offices, the conversion of 172 Postal Agencies into Post Offices and the building of 8,000 new Postal Agencies. Provision is also made for improvement in mail transportation and delivery services.

Urban Development

One of the greatest problems inherited from our past concerns the problem of our cities. Nigeria's major urban centres constitute the hub of the nation's industrial and commercial activities as well as being important centres of Government and administration. Consequently, the efficiency with which they are managed has far-reaching effects on the overall performance of the economy. *Most of our important cities have grown very rapidly with little or no planning.* Their services have had suddenly to cope with levels of activity undreamt of a few years ago. These services have therefore become grossly inadequate. A great deal of imagination will be required to bring them to the standard of efficiency that will make them pleasant to live in rather than being the mud house that some of them appear to have become in recent years. In the Third Plan we shall make a serious beginning with the provision of water, housing, sewerage and rapid internal transit systems. The housing problem is probably the most serious of all *our urban problems. This is reflected in the poor quality and high rents of most of our urban* dwellings. The planned objective is to achieve a significant increase in housing supply in order to bring relief to the low income earners. A total of N1.8 billion has been allocated to this sector. The programme involves both direct construction by Federal and State Governments and an expansion of credit facilities through the creation of a Mortgage Bank for private and semi-public housing development.

Defence and Security

The financial allocation made for the improvement of defence and security in the Plan has been subjected to very close scrutiny at every stage of the planning process. Government is anxious that Nigeria should have an effective and mobile Armed Force together with a Police Force capable at all times of guaranteeing internal peace and security. The Armed Forces must be able at all times to guarantee the territorial integrity of the country.

One thing that Nigerians must realise is that no nation, especially a developing nation in our part of the world can be in the promising economic situation in which by God's Grace Nigeria has found itself today and fail to attract some kind of external attention against which it must safeguard itself. We seem to be too naive in our interpretation of events elsewhere as if we as a people are immuned against outside pressures and intrigues. It is the responsibility of the Government to ensure the protection of the nation's interests internally and externally. This is a responsibility about which Government cannot gamble just to comply with the theories of arm-chair military analysis, foreign or indigenous. The nation must have credible Armed Forces if all the planning and the hopes we have for this country are to be fulfilled in an atmosphere of stability, free from internal and external pressures and duress.

I should like to say at this point that the goal of all good and well-meaning Nigerians and what they wish for this country, whether they be soldiers or civilians, cannot but be the same, that is the greatest good of this nation and its people. Every soldier must therefore conduct himself in a decent manner and do nothing to harm the people he has been enlisted to protect. The civilian should also ensure that he does nothing to provoke the soldier. As fellow Nigerians we must all learn to live together happily when we observe the little courtesies that the African is well known for irrespective of our occupation, rank or status.

General Administration

The main objective of the programmes under general administration is the provision of adequate modern office accommodation for public functionaries, in the interest of efficient performance of their duties. The creation of states in 1967 and the rapid expansion in public sector employment in the last few years have combined to create acute shortages in the areas of office space and residential accommodation. Efforts will therefore be made to improve the situation. The highlight of the general administration programme is the proposed establishment of Federal secretariats in all the State capitals.

Private Sector

The Third National Development Plan offers to our indigenous entrepreneurs and to private foreign investors, a tremendous opportunity to play an important part in the development of the Nigerian economy. The expected level of private investment over the next five years is N10 billion. Private investment activity is welcome in most sectors of the economy, especially in agriculture, manufacturing and building and construction. To play this role, the private sector will have to shift its emphasis from commerce and distribution to direct production in industry and active participation in the land development and irrigation schemes in agriculture.

With regard to indigenisation, the Plan period should be regarded as a period of consolidation so that the changes in the equity structure brought about by the Nigerian Enterprises Promotion Decree can be reflected, not only in the board room but also in the top management and policy positions in industry. Government has done a great deal already in recent years to free the Nigerian businessman from many of the difficulties which were put in his way by better organised foreign rivals. If the Nigerian businessman is to fully justify the measures taken by Government to encourage him, he must be prepared to go into directly productive activities in industry, agriculture and related fields. It is Government's hope that the new Nigerian businessman will seek to make his mark in the organisation of corporate businesses aimed at the creation of new productive assets. I hardly need to add that the foreign businessmen in our midst are as welcome as ever before in the fields which have been clearly defined by law. It is the hope of Government that in the promotion of their business activities they will seek to involve competent and reputable Nigerians rather than front men who claim to have influence with Governments and Government functionaries.

Implementation

The successful and orderly implementation of the bold schemes which I have been describing to you this morning requires total commitment on the part of both Government and the ordinary citizen.

Contained in the new Plan document are administrative and institutional reforms.

It has become clear for sometime now that with the growing complexity of Government functions and activities some of our Ministries are becoming unwieldy and difficult to manage. Government has had to take on and will continue to find it necessary to take on new functions in future which were never thought of when the existing Ministries were created. Therefore some of the functions already taken on do not fit logically into any of the existing Ministries. Government has therefore decided to create six new Ministries to which some of the functions of the existing Ministries will be assigned in the interest of greater efficiency. A new Ministry of Co-operatives and Supply will be established. It will be responsible, amongst other things, for the co-ordination of inter-Governmental and inter-State co-operatives, disbursement of Federal assistance to Co-operative Movements, bulk purchasing, the Nigerian National Supply Company and Farmers Co-operatives. A Ministry of Civil Aviation will be created to be responsible for airport development, aviation policy, air safety, meteorological services and relations with the Nigerian Airways and the Nigerian Civil Aviation Training Centre, Zaria. A *third Ministry to be created is the Ministry of Social Development, Youth and Sports.* It will be assigned responsibilities which will include the National Youth Service Corps, sports, voluntary organisations and inter-Governmental Co-operation in social welfare. A Ministry of Petroleum and Energy will be created with responsibility for petroleum, natural gas, nuclear energy, relations with the Nigerian Refinery Company and the Nigerian National Oil Corporations. The fifth new Ministry will be called the Ministry of Water and Resources with responsibility for irrigation and dams development and the planning and control of water supplies. New Commissioners will be appointed to take charge of these new Ministries.

In order to remove some of the bottle-necks which became obvious during the Second Plan period the process for the award and supervision of contracts will be decentralised. Special arrangements will be made to ensure that steady and adequate supplies of all the required inputs are available in the country. Furthermore, in recognition of our own manpower inadequacies, all relevant Government agencies have been instructed to relax, as appropriate, the regulations governing the granting of expatriate quotas in areas where Nigerians with requisite training and experience are not available. It is, however, important for foreign business interests to ensure that they recruit and train Nigerians for responsible positions in their organisations. Where capable and willing Nigerians are available to do a job there can be no reasons for denying them the opportunity to work and assume adequate responsibilities.

While we intensify our training efforts within the country, we propose to negotiate with friendly foreign countries which are willing to play a role in our development and agreed number of places in specified faculties in their universities and colleges of technology. Thereafter, qualified Nigerians will be offered scholarships by the Federal and State Governments to *enable them to pursue courses of study in areas of acute manpower shortages. Your Excellen*cies, Ladies and Gentlemen, knowing the great interest which Nigeria has in African affairs, you may ask where does Africa fit in the scheme of things. I would simply like to state that it is the intention of the Federal Military Government that wherever possible, the benefits derived from projects under the Plan should be shared with other African countries in the spirit of good neighbourliness and African unity.

Your Excellencies, my Lords, Ladies and Gentlemen, it is clear that a programme of *development of this magnitude has been made possible not only by the considerably increased* resources now available to us but also by the determination of the Federal Military Government and your desire to translate the country's vast potential into a permanent improvement in the living standard of all Nigerians. I appeal to you all my fellow countrymen and women first to reflect and be grateful to God for the enviable position this country finds itself today, five years after the end of the civil war. Secondly, let us resolve that we would not fail to fulfil the great potential and promise expected of this nation. We must recognise that much as we may *require the goodwill of other nations it is only through our own effort and dedication* that we can achieve the objectives of this Plan.

A great deal of work has gone into the preparation of this Plan. It is a Plan conceived and produced by Nigerians for Nigeria. I should like to acknowledge publicly the nation's gratitude to all those who worked so hard in the Federal and State Public Services as well as in the private sector to make the preparation of this Plan possible. I have personal knowledge of the long hours of work, meetings and discussions that went into the preparation of this Plan.

Every great nation has had to be built into greatness by the sweat and unremitting application of its people towards its interests. We must all in this Plan period work honestly to merit the wages we earn in whatever station we may find ourselves. We must prevent or cure the deadly disease for any country of expecting to get something for nothing and everything for free at the expense of others. Let us keep peace in our land. Let us learn that no good ever comes of violent dissension be it in private or public life, or at work or at play. Let us ensure political, industrial and social peace for the good of this nation. Let us not in our moments of *inconsideration fail* to appreciate the good fortune that is ours in this country until we lose it. We must never forget that it is only in an atmosphere of peace and stability, hard work, discipline and sacrifice that we can achieve the socially desirable goal of equal opportunities for all our citizens and fulfil that destiny of national greatness so important to the status of the black man everywhere.

It is in this spirit that I now inaugurate the Third National Development Plan 1975 to 1980. I do so in the hope that all Nigerians, their friends and associates will work hard for the imple*mentation of this Plan so as to leave* behind a historic monument to succeeding generations. Let us re-dedicate ourselves to the war on want in the midst of plenty. It will be the unswerving determination of the Federal Military Government to provide the weapons for this war in the form of peace, stability and just Government. Your Excellencies, my Lords, Ladies and Gentlemen, I have great pleasure in formally declaring Nigeria's Third National Development Plan launched."

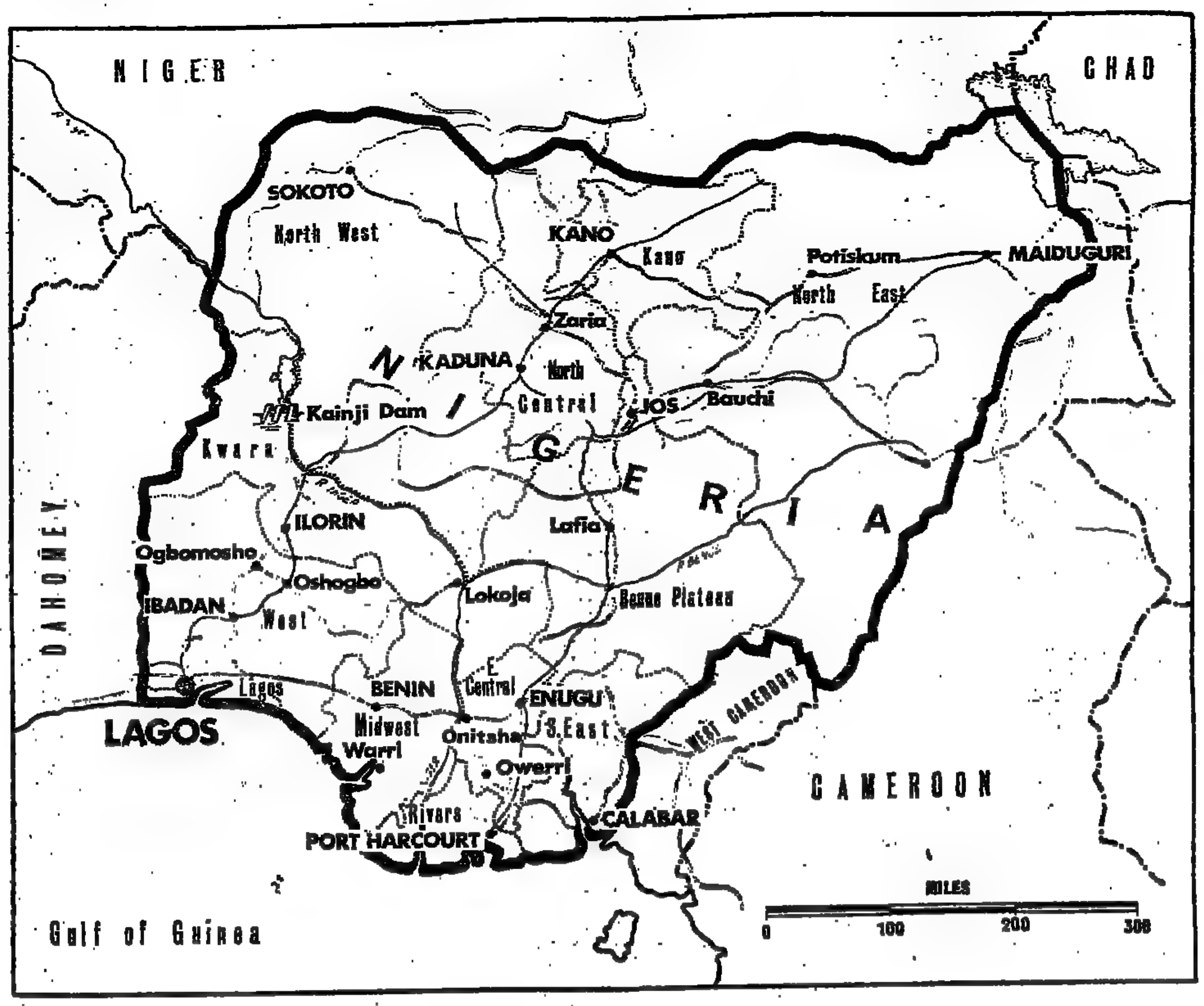
When eight years ago tribal and other tensions were threatening to destroy the young Nigeria, a bold decision to change the Federal structure averted disaster. The system has endured well, leading to orderly political and economic progress.

Power drifts to Lagos

EIGHT YEARS ago, almost to the day, Gen Gowon abolished Nigeria's four regions and created in their place 12 states. It was an overtly political act, made in direct response to the imminent secession of one of those regions as Biafra. The states decree, and what it stood for, was a vital factor in determining the Federal Government's ultimate victory in the civil war that began only a month later. And eight years later it still stands as one of the Gowon Government's most significant achievements.

The creation of states made perfect sense in relation to the crisis of the time. The tension between the four regions, and particularly between the north which was larger than the three southern regions together, had contributed in very large measure to the downfall of the civilian regime, which in turn was leading to Biafran secession. The immediate political aim of the states decree was both to remove the south's fear of domination by the north and—just as important at that time—to attempt to provide a political basis for removing the fear of the minority peoples within the regions of domination by the majority—specifically, in 1967 the fear of Ijaws and other minority tribes in the East of the Ibo majority.

Given the abrupt nature of their birth, the progress of the states, and of their relationship with the Federal Government, has been remarkably smooth. They could probably not have been created by other than a military regime; certainly the fact that all states (with the special exception of East Central) have been run since then by military men directly responsible to Gen. Gowon has helped enormously.



Suspicion

For there were very many problems. There was, for example, widespread suspicion in the south that the carving up of the north into six parts had in reality changed little (the Government had been very careful to create an equal number of states in north and south, partly to allay northern suspicions). Then there were the very great disparities in size and wealth of the new states—the West, though Lagos was excised, remained much the same, the mid-West was exactly the same as before, yet Kwara, for example, or north west, with sizeable populations yet few resources, were unknown quantities. Added to this was the fact that the three Eastern states, for the time being within Biafra, were inoperative.

In the north, the main concern at first was the deployment of staff from Kaduna, the former regional capital, to the new state capitals, most of which had only the most rudimentary office and housing accommodation. The process of redeployment took almost a year: the states started their practical existence on April 1, 1968, although the process of dividing assets and liabilities, which ranged from joint industrial ventures, a TV and radio service to the public works department, is still not complete.

In the east, the state administrations faced even greater difficulties for they began to be established as soon as Port Harcourt, Calabar and then Enugu fell to Federal troops; offices and housing, where they existed, were often war damaged; the state governments were inevitably under the close supervision if not control of the army; and in the East Central, in particular, the new government had enormous political and psychological problems to contend with, both in the early stages and after Biafra's fall.

To-day, interest in the states has shifted away from the practicalities of their establishment (so broadly successful has that been) to the way in which the new system is working as a whole. In particular, the states' relationship with the Federal Government is of great importance: civilian rule may now be a long way off but what has happened to the Federal structure under the military is bound to condition the sort of government Nigeria eventually has.

The last five years has seen an important shift in the balance of economic and by implication constitutional power towards the centre. In a sense, the shift was inevitable—if only because the military's own power structure is essentially unitary and this has been reflected in the way the country has been governed. Also, the 12 states were inevitably weaker and poorer than four large regions and—perhaps most important of all—Nigeria's oil wealth has accrued principally to the Federal Government and had bolstered its power.

The 1967 Creation of States decree did not alter the constitutional division of power between the Centre and the periphery: the 12 new states inherited precisely the same powers as those wielded by the former regions.

Except in the key area of revenue allocation, few formal changes have been made to the inherited constitution although in fact the Federal Government has widened its area of responsibility very considerably. In 1968, for example, it took over all local authority police and prisons—this was of especial significance in the North, where the local authorities, with the Emirs or traditional rulers at their head, had had the power to impose the death sentence.

Lagos has also moved to take exclusive control of higher education and—at least in the sense that it is financing the recurrent and capital costs of universal primary education—much of the rest of education. It has additionally taken over some 10,000 miles of previously "state" roads, and has decided to take a direct hand in agriculture (and not just agricultural research as before). And, particularly in the last four years when revenues had increased but little had been done to change the revenue allocation system, Lagos has grant aided the states for projects ranging from hospitals to sewage works.

Divisions

The system of allocating revenue between the states and the centre, which in any federation is one of the most vital factors determining and reflecting power relationships, was based on the inherited constitutional divisions of powers. In any federation the system is likely to be a source of friction, and Nigeria was no exception. Outright conflict was in fact avoided, the recommendations of successive revenue allocation commissions being usually accepted with only minor modifications. (Ironically, the only commission whose recommendations were not fully accepted were those of the all-Nigerian Dina Commission, appointed by the military government in 1968: shelved at the time as being too radical or complex, Dina's most fundamental conclusions are now embodied in the new system adopted on April 1.)

The new states structure inherited a complex system of revenue allocation which had grown out of the historical conflict between two basic principles: those of "derivation" and "need." The Federal Government broadly strove to see that it had enough money to carry out its own responsibilities, and beyond that to ensure that development in the federation as a whole should be balanced as between the regions.

However, the regions themselves vied with one another. In the mid-1950's, when most of Nigeria's revenue came from the cocoa and groundnuts produced in the West and the North, those two regions insisted on the derivation principle. The East objected, for its own export crops gave it a comparatively small income. Tables were, however, turned in the mid-1960's when oil from the East and Mid West began to show signs of overtaking cocoa and groundnuts as the major revenue earner. Then it was the turn of the North and West to insist that "need" should govern revenue distribution.

In the past five years there have been very considerable changes in the system of revenue allocation, which, though largely the result of vastly increased wealth from oil, are still profound. Seen against the historical background, the effects have been to almost entirely do away with the derivation principle.

The most important changes were in fact only introduced on April 1 this year. As before, the Federal Government has exclusive rights to certain revenues, by far the most important of which is the Petroleum Profits Tax, although company and some other taxes are also exclusively Federal.

There are very few sources of revenue which are the exclusive right of the states to levy. States revenue now—as in the past—comes principally from two sources. 1—Revenue which the Federal Government collects but which it has a statutory duty to pass directly on to the states and, 2—revenue which it collects and has a statutory duty to put into what is called the Distributable Pool Account (DPA). This account is then divided among the states.

Until the advent of oil, the Regions had almost as much revenue from 1 as from 2. The major change of the past year or two has been to make the DPA by far the most important source of revenue for the states. And just as importantly, the way in which the DPA is divided now emphasises the "need" principle to a far greater extent than before.

Specifically the Federal Government has now deprived the states of the direct proceeds of "their" earnings from export duties, and "their" excise duties on petroleum products, tobacco and spirits. These are now all paid into the DPA. And in the most important area of all—oil—the Federal Government has greatly lowered the percentage of oil revenues which go directly to the state in which the oil is produced.

The result of this and other changes has been to increase the size, importance and scope of the DPA. This is now composed of 80 per cent. of on-shore oil rents and royalties (20 per cent. now goes to the state of origin compared to the previous 45 per cent.: the Federal Government's 5 per cent. share now also goes to the DPA); 100 per cent. of off-shore oil rents and royalties (these were previously retained by the Federal Government); all export duties; and 35 per cent. of all general imports and excise duties (the remainder being retained by the Federal Government).

The second vitally important change is the way the DPA is divided. Under the old system it was divided purely on the basis of population. Since 1971 50 per cent. is divided in this way (the basis is still the 1963 census); and 50 per cent. is divided equally among the states.

To recap: the net effect of the changes has been to virtually abolish the once all-important derivation principle (all that remains now is the 20 per cent. of on-shore oil royalties and it would not be surprising if that too goes within the next few years); and to point up the principle of need and balanced development. This will be of profound importance if and when Nigeria does return to civilian rule. Even now it is of great significance. It represents a much more rational division of resources than before, and it gives the states a secure and "independent" source of revenue. This is vital, for grass roots development in Nigeria still depends on the states, despite the increasing influence of the Federal Government in their affairs.

Bridget Bloom

Kano has now overcome most of the teething troubles that have occurred since it was set up as a new State six years ago.

Kano State

THE SHARPLY increased revenues from the Fede al Government's newly adoted revenue allocation formula are coming at a good time for the State of Kano. In the first six years of its existence it has overcome most of the teething troubles which inevitably follow the setting up of a new State, and it has achieved a fair amount in the field of development. It now has the self-confidence that stems from the feeling that it is justifying its existence.

The city of Kano epitomises the contrasts of the State. Behind long low mud walls is the ancient city, covering a vast area and teeming with life like a Middle Eastern bazaar. Within it is the palace of the Emir, itself a big village with its own walls in which the Emir is treated with the deference due to a temporal ruler in the Islamic world. Outside the old city is the new Kano, the area where the non-Hausas live, the big houses of the rich Nigerians, the glossy office blocks being put up for the State Government, the lorry parks for the present-day "caravans," which cross the Sahara, and the new industrial estates.

To the north of Kano the plain becomes gradually drier, the vegetation sparser, as the Sahara comes nearer; to the south the number of trees gradually increases, but most of the State is a land of tiny villages within stockades, a countryside more densely populated than it at first appears. The 1973 census put the population of the State at 10.9m., although estimates based on the 1963 census reckoned it at 7.3m. At any rate money for a population of either size was short up till now, but the shortage of skilled administrators has probably been the most serious deficiency.

When the State was set up in 1968 Kano could only take its share of the former northern region civil servants from the old northern capital of Kaduna, and often civil servants had to be promoted above the level for which they were qualified. For other trained personnel, such as agricultural experts, doctors and teachers, Kano could only have as many as it could afford to train, to lure from other parts of Nigeria or to recruit overseas. The memories of the massacre of the Ibos in 1966 have reduced the number of Ibos willing to return to Kano, although major efforts at reconciliation have been made by the Governor, Police Commissioner Audo Bako, and to its credit Kano has an open door policy to Nigerians from other states, who may live there as long as they want, rather than on contract as in some other states.

Shortage

The shortage of skilled manpower means that although the annual rate of capital expenditure has risen 50 times in the past six years, the size and strength of the economic planning division of the Government is much the same as it was in 1968 or 1970. This severely hampered the balanced implementation of the Second Development Plan. Those areas on which it was relatively easy to spend money, such as building new government offices, roads, town planning and building new schools went ahead fairly smoothly, although projects became more expensive with inflation and shortages of men and materials.

Those aspects which needed more technical skills and more detailed planning, such as agriculture and industrial development, took place more slowly. After the first three years of the plan, while 266 per cent. of the capital allocation for administration had been spent, and 103 per cent. for roads and 61 per cent. for education, only 37 per cent. of the allocation for agriculture had been consumed and only 13 per cent. of that for industry. Overall, however, about N81m. out of a total allocation of N120m. was spent.

Police Commissioner Audu Bako, Military Governor of Kano.

This is not to belittle the achievements in agriculture and industry. The State Government administered the building, on schedule, of the Tiga Dam on the Kano river, a federal project which will eventually make possible the irrigation of 180,000 acres of land and power a hydro-electric scheme. Although only 2,000 acres of the 20,000 acre pilot project are so far irrigated, it already shows what can be done with irrigation—wheat and maize are being grown and it is at last possible to grow two crops a year under the harsh sun. There have also been successes in fishery and livestock.

In industry the existing base in Kano city has been developed and about 30,000 people are employed in various kinds of industry, ranging from textiles and food and vegetable oil (making use of the State's major product, groundnuts) to metal work, furniture making and tanneries. There is room for more industry with the large market, and a commercial vehicle assembly plant is to be set up.

In other areas the State has some way to go. In health, for example, the number of doctors has been doubled (if one includes some doctors from the National Youth Service scheme), but the total number for the whole population is only 64 and the number of hospital beds, which has also doubled, is only 1,500.

These problems are not unique either to Kano or anywhere else in the developing world. But the success or failure of the State to solve the manpower problem will determine to a large extent the outcome of the Third Development Plan. Kano intends to spend N532m., on top of which the Federal Government will be spending another N300m. in the State. A third of the State's spending will go on agriculture—extension services, irrigation livestock development, and so on. Kano is spending more on agriculture than any other state.

Education will be the second largest item, taking up N70m., or 11 per cent. of the money available. This does not include the universal primary education project, which the Federal Government is dealing with. The practicalities of this scheme are discussed in a separate article, but it is of special concern in the north. Kano now has 120,000 children in primary schools, compared to less than half that number when the State was established. But in 1976, the first year of UPE, 250,000 six-year-olds will, on the Government's calculation, be eligible for primary education.

The concern in Kano State is not so much that UPE will not be achieved, although to achieve it would mean educating about 1m. primary school children by 1980, which seems most unlikely: the real concern is about the effect any massive boost in education will have on the economic and social structure of the State. There are strong fears that if more children go to school there will be a shortage of labour on the land: many children, it is thought, may not return to farming but will drift to the cities. Although most Hausas are as anxious for education as anyone else, an app eciation of the economic realities and an assessment of the chances of getting the kind of job a child is qualified for may overrule educational zeal.

Fear

Another fear is that modern education will break up the Islamic cohesiveness of the north, as the Koranic schools, to which 75 per cent. of the children now go (often in tandem with primary education), give way to Western lea ning. In this sense the UPE project may be interpreted by some northerners as a drive by the south to undermine the north.

In this context it is interesting that the Emir of Kano, Alhaji Ado Bayero, is strongly in favour of more Western education in Kano, despite having a deep understanding of the fears of the population and no doubt a suspicion that his own position, which is strongly based on tradition, could gradually be undermined. His powers, like those of the other traditional rulers in Nigeria, have been steadily curtailed: the police force he once controlled has been taken over by the Federal Government and he has recently lost the courts in which he once had the power of life and death. His power, such as it is, is based on tradition and religion. The real power in Kano is the power of the Military Government, backed by the First Infantry Division, which maintains a fairly unobtrusive presence.

Nevertheless, the Emir could play a big part in making UPE acceptable in the state. When the Financial Times visited him in his palace he told us how the building of a school in an outlying village in the state had caused the entire population, led by its religious leaders, the Imams, to pick up their property and cross into neighbouring North East state. The Emir's remedy was a simple demonstration of how effective the traditional rulers still are: he persuaded the Emir who ruled the area to which the villagers had fled to build a school in the village in which they were squatting. They were back in Kano state in no time.

James Buxton

Rivers State, the smallest in Nigeria, has faced a multitude of problems since it was set up in 1968. It was badly affected by the Nigeria-Biafra war and suffers a manpower shortage. But the State is one of the country's two main oil producers and is already benefiting from this.

Reconstructing Rivers . . .

THE RIVERS State Government had one of the toughest tasks of any of the new states when it started operating in September 1968. The Nigeria-Biafra war was still raging within its borders, and for the first year and a half of its existence the State's energies were devoted to aiding the Federal Government in fighting the war and in rehabilitating the devastated areas—a task which went on after the war ended in January 1970.

But the main problem the State had to face was building up an administrative and economic unit on foundations which would have been slender even without the war. The idea of a Rivers State was often mooted in the 1950s and 1960s, largely because the people of the Rivers area are tribally different from the Ibos of the former Eastern Region and resented their dominance. The moment the new State had to fend for itself it could not depend on Ibos as administrators or to provide an economic backbone. Indeed, the experience of the war made the new State determined that Ibos should be excluded from the administration and, at least to start with, from business life.

Fortunately Rivers was able to attract back to the State many of its indigenes who had gone to work either for the Federal Government or in other states. A new civil service has been created in the capital, Port Harcourt, and while experienced members of it complain of serious inefficiency among their juniors, and even a reluctance to learn new skills, gaps have been filled with expatriates. There are still glaring shortages of skilled manpower, however, and one administrator complained to me that he had been advertising for 48 senior staff for about two years without filling a single post.

Commander Alfred Diette-Spiff, Military Governor of Rivers State.

Compensation

But there are compensations. Rivers is one of the two main oil producing states in Nigeria and apart from the economic benefit of oil exploration and production activities, it gets a share of the rents, revenues and royalties originating in the State. This share was recently reduced under the new revenue allocation formula, with the result that the State's revenue, taking into account the new uniform income tax, is around N110m.—about the same as it was last year, the first year in which the benefit of the new oil prices was felt. Since less than half this amount was actually spent in 1974/5 the loss should not be too painful.

Rivers derives enthusiasm from being the smallest state in Nigeria both in area and population (its population was put at 1.54m. in the 1963 census, 2.23m. in the 1973 census and at 1.97m. by estimates based on the 1963 census). It has a certain brashness deriving from its inexperience and the personality of its Governor, Commander Alfred Diette-Spiff.

One of the Governor's first priorities has been to make the State more cohesive by improving communications. This is not easy since the whole State straddles the delta of the Niger and Bonny Rivers and is intersected by creeks and rivers and divided into thousands of islands. But it has spent heavily on roads, with a massive scheme for an east-west road running right across the northern part of the State, which is expected to be complete in 1977. Other roads are being built from north to south to link the towns in the fingers of the delta with the "mainland." Roads in this watery area are exceptionally expensive and it is claimed that the money might have been better spent in the northern part of the State.

There has been energetic Government activity in other areas. Recurrent spending on education has risen from N2.6m. in 1970/71 to N27.5m. for the present year and it is said that primary education is now available to 80 per cent. of those eligible for it. But schools development suffered a serious hiccough when the Governor decided to take over the mission schools, most of whose staff left. There are now 52 secondary schools, compared with 21 in 1970, and 19 more are being built. Community development has also been quite successful.

In the development of agriculture, commerce and industry the State's record has not been so good. Rivers has good potential for expanding palm oil, rubber, cocoa and raffia production, and the Government has tried to get farmers to rehabilitate their plantations with subsidies. But as so often in Nigeria the human and administrative problems of persuading farmers to take advice has proved hard. The Government has started a rice growing scheme with the help of Chinese experts but so far *only* 50 acres of a projected 3,000 have been planted. Fishing has been developed with some success. The third development plan, in which Rivers intends to spend N472m., will step up spending in this sector.

Difficult

Industry is effectively concentrated on the oil industry. It has proved difficult to attract new industry to the State, probably because of the shortage of skilled manpower, while commerce has been hampered by the absence of skilled entrepreneurs and capital. Both these things are a direct result of the departure of the Ibos.

In the last two years the very bitter anti-Ibo feeling has diminished and Ibos are again prominent on the wharves, in transport and in petty commerce in Port Harcourt. Some of them stay there during the week, returning to Aba, just over the border in East Central State, at weekends. One estimate which may be too high puts the number doing this at 100,000. But large numbers drive daily along the atrocious road from Aba to Port Harcourt—a trip which takes about an hour and a half in each direction.

While this is a promising sign that reconciliation, so long delayed, is now taking place, there are still major points at issue between Rivers State and East Central. One of the most serious is the question of the property which the Ibos owned in Port Harcourt before the secession of Biafra—which some estimates say made up about 90 per cent. of the real estate in the town at the time. Rivers State was very tardy in paying compensation for this property after the war, in contrast to the northern states.

In the past two or three years, however, the Rivers State Abandoned Property Authority has made an effort to seek out the owners of property which has been taken over by Rivers State people and pay compensation. The Rivers State, it is said, now feels a strong sense of guilt about the property issue. But for all this there is still acrimony between the two sides about it, the Ibos claiming that the compensation they have been paid has not been nearly adequate. On the other hand, the property is in many cases in poor repair or has had to be substantially mended since the war.

The other obvious sign that full reconciliation between the two states is far from complete is in the role of the port of Port Harcourt itself. Until the war it served the whole of the eastern half of Nigeria, and especially what is now East Central. Yet development in Rivers has been on an east-west basis and links to the north have been ignored. The road from Port Harcourt to Aba (a Federal responsibility, but which could be subject to pressure from the State) is in a deplorable condition, while the railway is running at a fraction of its capacity. The port is flourishing again now, partly through the efforts of its manager and partly because of the congestion at Lagos, but little has been done to expand it and a major development project has not yet gone out to tender.

Women working on a community self-help project in Rivers State.

Dissensions

If this can come under the heading of the "external affairs" of Rivers State, it needs to be stressed that there are big internal dissensions too. The state is far from homogeneous: although the Ijaw group from the southern part of the State makes up the majority there are several other distinct peoples, and there is a big difference between the Ijaws and the people—including the Ikwerri—who live in the upland part of the State. In the past six months they called for a new State to be created, based on Port Harcourt, and have accused the Governor, who is an Ijaw, of benefiting his own area disproportionately.

The demand for a separate state stung the Government into replying in the form of an eight-page advertisement in the Daily Times, pointing out the ratio of non-Ijaws to Ijaws in Government and listing the Government's many achievements. Apart from rebuilding Port Harcourt after the war the Government probably has concentrated on the southern part of the State, and it might be said that the big projects now going ahead for Port Harcourt (including a stadium, a civic centre, a sea school like Gordonstoun, and a conference centre) may benefit the construction industry more than the people, although a specialist hospital and a new market are also being built.

General Gowon has promised to form more states but it is unlikely that he would want to see Rivers State become even smaller. The more reflective non-Ijaws consider that their campaign, though unlikely to succeed, will stimulate the Government into attending more to the minorities. It has already stimulated it to publicise its achievements, some of which are very creditable.

James Buxton

In East Central State too, the scars of the war have not entirely disappeared. But the Government's promise of "full reconciliation" for the Ibos has been carried out and the State's industry has made a good recovery.

. . . and East Central

"IT IS taking longer to regenerate industry in this state because we insist that it should be a 'bootstrap operation.' We don't want recovery to be too easy." Those were the words which the Administrator of East Central State, Mr. Ukpabi Asika, used to explain a key element in the policy he has used to rebuild the state which was the heart of the former Biafra.

It is now more than five years since the Nigeria-Biafra war ended, and there are few obvious scars left. Physically, the signs of war damage are minimal—perhaps the most noticeable being the large number of bailey bridges on the roads, running alongside the ruins of structures destroyed in the war. There are few buildings which have not been restored and almost all the industries which were in operation before the war are now back in production.

Emotionally, too, there are not many obvious signs of the war. Most Ibos I spoke to agreed that the Federal Government's astonishingly generous promise of full reconciliation after the war had been fulfilled. Most of the Ibos who were in the federal civil service before the war were taken back, while Ibo businessmen, teachers and administrators are again prominent in other States of the federation.

Many Ibos now view the actions of the Federal Government without a great deal of interest and prefer to concentrate their attention on their own State, where there is a widely held feeling that although recovery since the war has been impressive it could have been yet more impressive. Both these attitudes pain the Administrator, who was one of the few Ibos to remain loyal to Federal Government during the war and who, as a political scientist, has pronounced views on the role of the State within the Federation, and on how the State should be rebuilt after the prolonged crisis.

Remarkable

The recovery of the State seems especially remarkable when its initial disadvantages are taken into account. Its population, though perhaps depleted in the war, had previously undergone an influx of at least 1m. people as Ibos from all over Nigeria returned to their homeland, putting extra pressure on an already crowded area with poor soil. The 1973 estimates put the population at 9.23m., the provisional census at 8.06m.

After the war there was a grave dearth of capital which the Ibos miraculously overcame, while the Federal Government had financing difficulties of its own. It had to rely heavily at first on direct or indirect subsidies from Federal sources since there was at first little taxable capacity in the State itself.

It is a tribute to its fiscal skills and to the fast growth of the economy that the proportion of Federal revenue in the State budget gradually declined until 1974 (when it rose again with the oil revenues) and that by 1973-74 the recurrent budget deficit had almost disappeared. The Government concentrated some of its attention on getting the industries of the State back in production. By 1974 Niger Cement had reached its prewar output, and the State's breweries are not far off: Niger Steel is expected to be back in production this year and Niger Gas was recommissioned a few weeks ago.

Agriculture has been harder to improve but the Government has developed an extension service to help the peasant farmer and is initiating several schemes itself. It has also set up the Agricultural Development Authority to buy from the peasant farmers and store crops which usually rot.

But the Government is criticised in the State on two main grounds: (a) that by concentrating heavily on education other vital areas of development—in particular the roads—have been neglected; and (b) that there has been no concerted effort to deal with the very high level of unemployment in the State, and that industrial policy has been misguided.

Education has long had a high priority in Iboland, and it was not surprising that after the war one of the Administrator's first steps was to try to

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Dirty, hot, congested . . . the derogatory adjectives slip off the tongue when describing Lagos city. It is a victim of the country's rapid growth and of its own geography. Housing, sewerage and transport are deplorable. The money for improvements is available, but the task is daunting.

Lagos

THE BUSINESSMEN who flood into Lagos to try to get contracts in the booming Nigerian economy are almost certain to return home with one thing: a deep dislike of Lagos, the administrative and business capital. This, *it should* be stressed, has absolutely nothing to do with its inhabitants, who are usually charming, or with the method of doing business, which is usually quite satisfactory: it is simply that Lagos is, as many Nigerians agree, one of the smelliest, dirtiest, hottest, most congested and polluted cities in the world.

There are no sewers, so the open drains tell their own story. *There are few pavements, and* such as there are are usually *covered by parked cars.* The traffic more often than not goes along nose to tail, or does not go along at all. The city has some of the worst slums in the world; many of them just a stone's throw from skyscraper office buildings; even in these life is not very cushy, as power cuts frequently cripple the lifts and the air-conditioning, which is essential in the steamy climate.

The problems of Lagos are more the result of circumstances than of any individual's lack of foresight. Lagos itself is an *island in a lagoon*, joined by bridges to two more islands, *Victoria and Ikoyi*, both basically residential but with a *creeping growth of office* development. Traffic for all three *islands crosses from* the mainland to Lagos island on two *bridges, one of them narrow.* The mainland, where the bulk *of the population lives, includes* the port and commercial centre *of Apapa, and several suburbs* stretching along the lagoon and into the rain *forest* in the hinterland.

On to this complex of islands and mainland has been concentrated the commercial, administrative and even social centre of a country of 70m. people. The real development of Lagos began in 1914 when it was a traditional British administrative centre, with "colonial-style" buildings grouped around a small racecourse on Lagos Island (The racecourse, the last open space in Lagos Island, is now being filled in with a military parade ground with concrete stands—a stark reminder that the business of Nigeria is business). The port was developed and with it the railways to the north. Shanty-towns grew up but the colonial administrators turned a blind eye to them and only *acted if there was an epidemic* by digging a few ditches and open sewers.

Independence in 1960 meant a further boost to the administrative facilities of the city, and at the same time the establishment of industrial estates on the outskirts. With the coming of the oil boom Lagos became the *headquarters of most of the oil* companies operating in Nigeria. "Lagos has everything—the bright lights, the decision makers, the shops, the offices, the port, the industry: everyone has to come to *Lagos*," as one town planner put it.

Almost everyone *has* come to Lagos. In 1963 the population was put at 1.8m. The city's health planners allow for a 10 *per cent. growth rate*, made up of a birth rate of 3 per cent. a *year and an immigration rate of* 7 per cent. Some experts put the immigration figure lower, but it is anyway thought that Lagos has a population of more than 3m., which is expected to grow to 4m. by 1985, making it one of the *fastest* growing cities in the world.

The two most obvious effects of this have been the explosive growth of shanty towns and sub-standard housing in almost all parts of the city, with corresponding pressure on social services, health and education, and a massive growth in traffic, which some spectacular road developments have not yet caught up with.

Accidents

The actual number of cars in Nigeria is fairly small—not much over 100,000—but a good proportion of them seem to be in Lagos. *Here they have to* contend with the lorries using the port, and the *situation is* aggravated by bad traffic discipline *and the large number of* accidents—it is quite usual to *see fatal accidents in Lagos.* The result is traffic congestion and atmospheric pollution which some have judged worse than Tokyo's.

Housing development has been slow, partly because of some misconceived projects being applied, and partly because of the very complex land tenure system, which means that in many cases no one has a registered title to a piece of land. But hitherto a fundamental problem making solving the housing and traffic problems difficult has been the administrative complexity of the city's management. After independence Lagos was a Federal territory and several Federal ministries had a hand in different aspects of it—so that streets were dug up for one reason in one month by one *authority and dug up again the* next month for something else under someone else's say-so.

When Lagos became a separate state in 1968 the situation was little better because the revenue allocation system depended on population and taxable capacity: Lagos was never able to prove that it had the *former in the quantity it did,* since newly arrived Lagosians *tend to go* back to their home villages at census time, and the large number of very poor people reduced its tax revenue. The Federal Government was afraid to allow Lagos more than its fair share of revenue in order to avoid being accused of favouritism. Lagos was starved of funds and anyway suffered, like almost all the other States, *from* a shortage of skilled manpower.

The prospects for Lagos are now rather better. The Federal *Government has accepted that* its presence in the city is a *major cause of its troubles.* Apart from taking over more of *the major roads, as in the rest* of the country, it is giving special grants to Lagos for water supply, sewerage, street lighting, compensation for property needed for road building, and car parks, all of which come to a total of more than N160m. The State expects to spend N400m., which is nearly twice its budget surplus and is an indication to the Federal Government that if it manages to spend its budget it hopes it will come to the rescue.

The State has its own development corporation for housing development (renting a house can cost N20,000 per year, with five years rent payable in advance). A Joint Metropolitan Planning Board is being set up to co-ordinate activity between the development corporation, various State ministries, and the utility boards.

This is of course only a start. To alleviate the traffic congestion on the mainland a massive road scheme is now fairly well advanced and should cut the journey time on the 17-mile trip from Lagos to Ikeja airport, for which it is prudent to allow three hours. A scheme for building roads round the edge of Lagos island (partly on stilts) is just getting under way. *Eventually* a motorway will go *all* round Lagos island and cross parts of Victoria and Ikoyi islands too.

The Lagos planners say they will be able to breathe a little more easily once this has been built. But they admit that roads generate their own traffic and that *more* advanced solutions will eventually be needed—underground railways have been mooted and consultants are now looking into other possibilities. Meanwhile something will have to be done about the public transport system; there are less than 300 public buses, a result of under-investment stemming from the fact that the bus *system is supposed to make a* profit. It does not do so because the *buses* spend so long immobile in traffic jams.

Work on installing a sewerage system is to begin on Victoria island and eventually spread to Lagos island. Had sewerage been installed in the 1920s it would have cost only £5m.—now the first stage alone is reckoned to cost at least £150m. Badly needed stormwater drainage is to be built on the mainland.

Postponed

Solving the slum problem is being postponed for the moment, at least on Lagos island where a minimum of 100,000 people live in unbelievably congested conditions in the appropriately named Isale-Eko—the "bottom of Lagos". This is an ancient Yoruba settlement, full of sacred places which the inhabitants would strongly resist seeing destroyed. A plan for replacing these slums is not likely to come until land has been reclaimed from the lagoon as part of the road building scheme on which to settle the slum dwellers while their former homes are rebuilt, hopefully incorporating the shrines too.

The most commonly heard suggestion for solving the problems *of Lagos is that the* Federal capital should be moved to a virgin site elsewhere. This, however, is unlikely to solve very much, because Lagos will remain the New York of Nigeria even if there is a Washington somewhere else. The presence of the Federal Government in Lagos is probably the best guarantee that the desperately needed funds will flow.

James Buxton

The new theatre built for the African and Black Arts Festival to be held in Lagos in November.

East Central

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make sure that the children made up the *three years* of education they had lost during the war. Schools were built or rebuilt, so that the highly impressive figure of *1.3m. children* now have primary education. This amounts to about 80 per cent. of the children of primary school age.

In secondary education there are now 100,000 children enrolled and intake runs at 34,000 a year. There is, as one official put it, an "explosion of demand" for school places, but it might have been easier to meet it if fewer teachers had not left the State to accept higher paid posts elsewhere, a drift which accelerated when the Government took over the mission schools after the war in the interests of uniformity in education.

This naturally increased the cost of education, and its impact is a frightening reminder to the rest of Nigeria of just how expensive a commitment to education can be: in 1974-75 the State committed itself to spend N43.4m. on education out of a recurrent budget of N98.4m. It is not surprising that other sectors have suffered.

The roads have been an obvious sufferer: once the best in Nigeria they are now probably the worst. There was inevitably little spending on them *during the war, during which* they suffered badly. After the war there should have been a major scheme to repair the war damage and improve them to cope with the growth in traffic; very little has been done however. *The roads have usually* been patched up but only in a *few places have they* been rebuilt.

Between 1970 and 1973 only N2.6m. was spent on roads, although the allocation was increased to N23.5m. in 1974-75, not much of which has actually been spent. The A roads are the financial responsibility of the Federal Government (which is beginning to take over the B roads too) but the State Government is in a good position to press for action. Officials in Enugu, the State capital, now reckon that nearly N1bn. is needed to bring the roads up to a suitable standard and that this will take between five and ten years.

Mr. Asika *defends his policy* on roads by saying that education *has* a more *immediate* effect on rebuilding a society than roadbuilding. But the fact remains that while bad roads *rarely discourage people from* travelling, they make journeys longer, which is inefficient, and increase the wear and tear on vehicles, which is *expensive.*

East Central has always been *an area of high unemployment,* which accounts for the exodus in the past of *so many Ibos into* other parts of the country. The *extent to which the reduced* scale of emigration from the *State has worsened* the unemployment problem is hard to measure, *but there* is anyway a widespread feeling that East Central has done little either to assess the size of the problem or to deal with it. The figure *for* those without a permanent job is variously put between *500,000 and 1.5m., and the* social problem which this represents *is growing, although the* extended family system softens *the blow.*

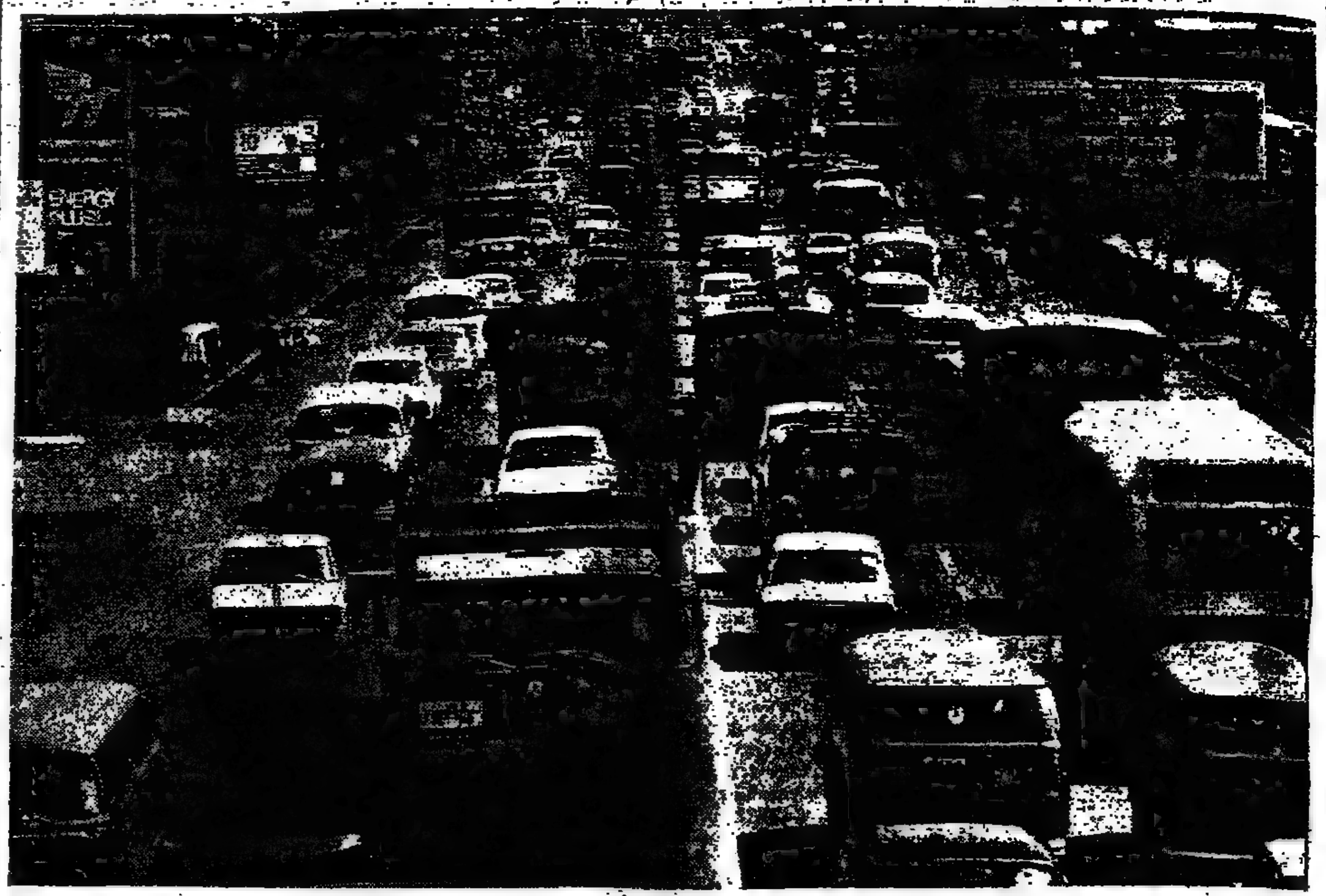
The State's policies in agriculture *and industry will produce* more jobs in due course, but there *is little evidence that,* apart from concentrating on *labour-intensive construction* work in repairing war damage, there has been *any conscious* policy to make the provision *of jobs a priority. Industrial* development has concentrated on renewing the *few heavy* industries of the prewar days and *laying the foundation for* expansion in this field in the future. Mr. Asika says he is not very interested in consumer industries or import substitution, even though both tend to be big employers, and there are widespread reports that investors from abroad have not been warmly welcomed in East Central.

Mr. Asika has doggedly adhered to his principles in his years as Administrator. One of these is that the people of the State should rebuild their industrial base without much outside help—the "bootstrap operation" he referred to. He now considers this stage to be complete at last and that the development of new industries can begin. The *Government has sponsored* the Products Development Agency *(Prodz) to devise ways of* using local materials in high-technology industries. Some small schemes have already been put into effect, *and there are hopes of* setting up a TV assembly plant *with an increasing degree of use* of locally made components. Mr. Asika *even claims* that East Central will produce the first Nigerian-machined car by the end of the decade.

The Administrator will have left his mark on the State in *other ways if he retires later* this year along with the other governors. He has spread the limited financial resources of the state *widely,* insisting on administrative decentralisation with branches of Government ministries in all the major towns of the State. He has set up a system of community councils, elected on the principle of one family—one vote.

In the delicate matter of relations with the two other States carved out of the former eastern region good terms have been established with South East, while with Rivers relations are still strained by the issue of the property, described in the article on the State. Although Ibos are very dissatisfied with the outcome of this issue it is widely thought that, within the constraints of the Ibo desire to keep a low profile, and the Administrator's own view of the problem as essentially a legal one, he has done as much as he can to achieve satisfaction.

James Buxton



The 12-mile journey from Lagos to the airport can take up to five hours along this congested road. Now a new road is under construction.

Nigeria's infrastructure is heavily overloaded although considerable investment is now being channelled to overcome the problem. The next six articles look in detail at the various aspects of transport and communications and outline what needs to be done.

Infrastructure

THE SERIOUS strain under which the Nigerian infrastructure is labouring is probably the first thing that strikes the visitor to Nigeria. If he flies straight to Lagos he is likely to spend hours rather than minutes on the 17-mile journey in from the airport. Once in the city he will find travel severely restricted by traffic jams, and he will not be able to avoid them by using the telephone because it can take up to an hour to make a successful local call.

He will no doubt become aware of the port congestion and the occasional petrol shortages, and will be told that it can take up to six weeks to send a wagon load of freight by rail from Lagos to Kano. But if he himself travels by air he is likely to find Nigeria Airways rather efficient, and if he goes by road he will at least come across some very good stretches of fast, safe, well-surfaced road. But he will be appalled by the relics of hundreds of accidents along the roadside, though he will probably find his own driver remarkably safe and capable of making good time in bad conditions.

He will visit towns from which it is possible to make an instant telephone call to Lagos and others where bank branch managers can rarely refer to head office before making decisions because of the lack of communications. He will probably experience the odd power cut and sweat without air conditioning. But he will probably find that it is quite possible to put up with privations of all these kinds, that the Nigerians are rarely complacent about them (although they know that it pays to be patient) and that very few of the problems are caused by bloodymindedness.

There are two main causes of the weakness of the infrastructure in Nigeria. First, and most obviously, business has boomed vastly in the years since the war, especially since the rise in the price of oil. No country's infrastructure could be expected to cope with such an upsurge, a fact of which many self-critical Nigerians are not always aware.

Capital

But even without the explosive growth of the economy the Nigerian infrastructure would probably have been developing too slowly. Most parts of the infrastructure, such as the railways, telecommunications and power supplies, require vast sums of capital and at least a cadre of skilled and experienced men. Both elements are usually in short supply in developing countries—only recently has there been no shortage of capital in Nigeria.

Nigeria's shortage of executive capacity is aggravated by the fact that qualifications are often regarded as a substitute for experience and that men are often moved on from a job in which they have only just begun to prove themselves to another job which may be beyond their capabilities. A man in line for a job held by an expatriate may try to expedite the expatriate's removal before he is fully qualified to take over. The short term answer might lie in importing more expatriates to manage essential services—as is being done in particular areas, notably the power supply industry.

This policy is full of risks: the expatriates may not be as good as they are expected to be, they may not be sufficiently anxious to train Nigerians, and en masse they may present political problems. But an influx of expatriates, such as Iran is allowing, is probably essential to improve the Nigerian infrastructure quickly, before the technical education policies which are the long term answer have time to be effective.

There are other constraints too. Even where skilled technicians and contractors are available it can take a long time to get the go-ahead for a project from the central bureaucracy. Interest groups have to be satisfied and it would be idle to deny that more money can often be made by some people out of congestion than out of a fast flow of traffic and goods.

But as articles on the detailed elements of the infrastructure show, the Government is usually aware of the problems and the extra burden which they place on the economy, and knows how it would like to deal with them. How successful these projects are depend on differing factors. Some, like road building and the development of air services, depend largely on the availability of enough contractors to build the roads and airports. But in telecommunications, power supply and port expansion there is much more need for feasibility studies, and much will depend on the availability of equipment and on large numbers of skilled men. Development of the infrastructure seems bound to be somewhat uneven.

Perhaps the most ambitious project is that of almost totally rebuilding the narrow gauge railway system, a task which it is reckoned will take at least a decade. There is an obvious risk here that use of the railways will decline even faster before they are rebuilt, since investment in the old system is being kept to an absolute minimum, while during the period of switchover goods may be diverted to road and never return to the railways. It might even have been better to abandon the railways altogether in favour of road transport. However having decided that the railways must stay the Government is probably right to modernise them lock, stock and barrel.

The Government expects up to N7bn. actually to be spent on transport and other elements of the physical infrastructure during the plan period.

James Buxton

Railways and air services

STATE - OWNED companies rarely seem to thrive in Nigeria and one of the most sickly is the railways, which has been chalking up enormous deficits over the last 15 years.

The chronic disease of the Nigerian Railway Corporation (NRC), according to the latest diagnosis by Canadian and British railway experts, is mismanagement and inadequate capital structure. The railway neither makes any appreciable contribution to the growth of the national economy nor performs satisfactorily the social services for which it was established, the Federal Commissioner for Transport, Captain Olufemi Olumide, told the management staff at their annual meeting in March.

The existing railway network was built between 1898 and 1965, and it comprises 3,505 km. of single, narrow gauge track with more than 1,600 curves of between four and ten degrees. It serves a number of strategic towns, including the productive and well-populated parts of the country, as well as the two ports of Lagos and Port Harcourt. There are rail heads at Kaura Namoda, Nguru, Jos and Maiduguri and a few other lines of lesser importance.

In terms of motive power, the railways stock has risen from 273 main-line and shunting locomotives in 1955 to 353 last year. The dieselisation programme has boosted the stock of diesels from 39 in 1965 to 177 last year, while the number of steam locomotives fell from 273 to 176 during the same period. Yet in 1974 poor maintenance meant that only 18 per cent. of steam locomotives and 54 per cent. of diesels were on average available for use.

Rising investment in the railways over the years has not been justified by annual returns. Operating results have steadily worsened from a N6.9m. deficit in 1965-66 to N23.1m. for 1973-1974. Agricultural freight liftings have steadily declined from 850,000 tons in 1958-59 to 350,000 tons in 1970-71; goods traffic from 2.6m. tons in 1954-55 to 1.9m. in 1973-74 and passengers from 5.4m. to 4.6m. during the same period.

Apart from the fact that the railways lack capacity for increased freight and goods traffic—it has only 6,000 goods wagons—it cannot effectively compete with road transport because of long turn-round times of rolling stock, insufficient motive power and incredibly slow running speeds. Empty wagons often fail to arrive in time where they are needed because of unco-ordinated control and bad scheduling. The large imbalance in goods flow between the south and the north is also blamed for the present poor utilisation rate of goods wagons.

Other operational deficiencies include slow running and intolerable delays at railway stations, poor communications and a variety of physical handicaps, such as extensive track curvature, lightweight rail, weak bridges, steep grades and obsolete signalling systems.

Efficient

The 1970-74 Development Plan took care of the immediate and critical needs of the railways, including the acquisition of much-needed locomotives and rolling stock. But the new 1975-80 Plan will concentrate on modernisation. "The days of railways moving at snail speed on uneven single track are over," a senior railway official remarked. "You need fast moving trains to meet the challenges of our rapidly growing economy and to provide efficient transport services at reasonable cost."

An entirely new standard gauge railway track, parallel to the existing route will be built between now and the 1980s. The first phase alone will cost more than N700m. Actual construction will not start for three years, which after that about 320 km. of track should be constructed annually.

This vast project will not be complete before the end of the 1980s, and the teething troubles in the intervening period are frightening. As the Plan says, "only the barest minimum of capital expenditure compatible with safety and traffic requirements will be provided during the construction period of the new system. The parallel running of both narrow and standard gauge systems during the transition period will involve certain amounts of transfer of either freight or wagon bodies for interchange traffic between the two systems."

Compared with developing the railways, developing air transport in Nigeria is a relatively simple task, relying mainly on massive airport construction programmes and a long purse for buying new aircraft. The Government aims to spend N477m. during the Third Plan period on civil aviation.

At present only three of the

CONTINUED ON NEXT PAGE

Port congestion

Some of the 93 ships waiting in the roads outside Lagos port on a day at the end of last April.

THE PORT congestion at Lagos is probably the most spectacular symptom of the effect that the sudden rush of oil wealth has had on Nigeria's infrastructure. From the top of any Lagos skyscraper it is usually possible to see upwards of 80 ships riding at anchor in the Atlantic and waiting to enter harbour. Some of them could have been waiting for as long as six months.

Port congestion is worse at Lagos, but there are also long waiting times at Port Harcourt, Nigeria's second port, and at the smaller ports of Warri and Calabar. An attempt to make use of the port of Cotonou, in neighbouring Dahomey, to short-circuit the Lagos congestion has brought congestion there, too. The effects of the congestion are felt in high prices in the shops, delivery delays and shortages.

The immediate cause of the congestion, which built up seriously last November, is the rush of imports following the oil boom. But even without the oil boom Nigeria's port facilities were becoming badly overstretched and congestion had built up at times in the past—notably after the civil war, when it was cleared after vigorous military action by Benjamin Adekunle, the "Black Scorpion" of the war.

The war saw the closure of the eastern ports and concentrated almost all traffic on Lagos/Apapa. Shipping was at first slow to go back to Port Harcourt, which has nine ocean berths, since it was badly run down in the war. Even now it suffers from lack of storage space and, critically, from the poor railway service and atrocious roads to its natural hinterland, the eastern half of Nigeria. Nevertheless, it is almost certainly better run than Lagos, its cranes are almost all in working order and it has recently been handling record quantities of cargo.

Unloaded

But Lagos is the port which the shippers usually prefer, since it has a good sea approach, and is the hub of the Nigerian economy, with road and rail links fanning out to all parts of the country. It now handles about 75 per cent. of Nigeria's trade and unloaded more than 200,000 tons in March 1975. Last year Lagos handled 3.05m. tons, out of a total 4.1m. handled by all Nigerian ports. Lagos is now thought to be handling up to twice as much cargo as it was designed for, but there are still bottlenecks, some the result of inefficiency and some the result of extreme pressure on the entire Nigerian infrastructure.

Probably the most serious difficulty at Lagos is the problem of clearing cargo away. The port is a transit port and the warehouses are transit sheds, yet in the past few years they have gradually come to be used as warehouses. This is partly because of the shortage of warehousing elsewhere, which has made companies tend to leave goods at the port for as long as possible: but it is also due to the crippling shortage of transport.

Lagos was designed as a railway port, but the rundown of Nigerian railways has converted it perforce into a lorry port. In 1973-74 only 11 per cent. of cargo left Lagos port by rail (compared with 67 per cent. ten years ago). The railways are so short of locomotives and rolling stock that they are unable to provide more than a skeleton service. Unfortunately, road transport takes up far more space and means much greater congestion. There is the added problem that there is a national shortage of lorries in Nigeria.

The use of lorries in Lagos port is hampered by the appalling traffic in Apapa and by the absence of a lorry park outside the port area—one is now being built, ten years after it was planned. Another problem slowing up the passage of cargo through the transit sheds is the time taken to complete documentation. Ships now tend to sail straight for Lagos from Europe, instead of stopping at other West African ports on the way, and often they arrive before their documents, which in the case of a ship having a reserved berth could mean a delay even though the port queue has been jumped. There are also delays caused by the Nigerian Ports Authority's documentation procedures which have not been improved to match the speeding up of customs procedures.

Because of the congestion in the sheds any immediate acceleration of handling cargo on the quayside would only worsen the situation. But eventually it will have to be improved. Only about 300 tons of cargo is unloaded from each ship daily, while in better run ports the average is around 1,000 tons. Because of a shortage of operators and poor maintenance only a small proportion of the cargo handling equipment at the port is available for use. On a day last December only 4 out of 22 freight lifting cranes were working, only 31 out of 54 mobile cranes, and only 56 out of 112 diesel fork lift trucks.

In this respect the port has hitherto been held up by slow ordering procedures. However after General Gowon visited the port in April orders were issued for N21m. of cargo handling equipment to be obtained at once. But Nigeria may still be subject to delays in the countries which will be supplying the equipment.

Following General Gowon's visit the hard-pressed port staff have made extra efforts to speed up the operation of the port, putting pressure on importers to clear their goods and building lighter berths to enable more use to be made of lighters for unloading ships in midstream. But many of these efforts are held up by the physical constraints of transport and warehousing, while the Nigerian Ports Authority admits that productivity is low and that there is little sense of urgency among port workers.

Certainly on a visit to the port one is struck most of all by a distinct lack of activity. One also notices inefficient stacking of goods, lax security and a high degree of breakages and spoiled goods. The NPA is trying to instil a greater sense of urgency into its employees, and to organise more training programmes. It has been helped by the unions, one of which recently called a truce on industrial action for the next few months. There was however a dock strike during the udoji period.

The NPA wants greater use of palletisation and, ultimately, more containerisation. Ironically containerisation has so far slightly aggravated conditions at Lagos by taking up valuable storage space, since they were not cleared quickly enough. Together with having better facilities for bulk loading of cement, which is likely to be Nigeria's biggest import by volume in the next few years, containerisation is a medium-term solution to the problems of Lagos; but it can only be effective if one or two container terminals are built inland to which containers would immediately be taken on arrival at the quayside.

Dredging

In the long term the Nigeria port problems can only be solved by expansion. The construction of six new berths at Apapa has already begun but they are not expected to be in commission before 1979. Expansion at Warri and Calabar is planned, although the former involves a heavy permanent commitment to dredging the Escravos Bar, and the latter would probably be better sited on the west side of the Cross River, since Calabar is in a somewhat isolated position. There are plans to build four new berths at Port Harcourt, but there have been suggestions that the expansion might be more worth while at Bonny, which has deeper water and will soon have very good roads.

It is generally accepted, however, that what is really needed is a new "greenfield site" port for Lagos. Two sites have been proposed: Badagry, near the Dahomey border, and Lekki, to the east of Lagos. To build at Lekki would mean cutting through the sand bar to the lagoon, but the new port would have good access to the hinterland and be an ideal site for a new railway and road network which would not conflict with the Lagos traffic.

A provision of N40m. has been made for the first stage of this project in the third development plan, but it seems unlikely that very much will be done in the plan period, since full feasibility studies will have to be made and contracts put out to tender. In the meantime importers will simply have to accept that there will be delays. In due course stocks will be built up and there will always be more supplies in the pipeline, even if they take rather a long time to arrive.

Those importers who cannot wait have in the last six months switched in a big way to airfreight, needless to say causing massive congestion at Ikeja airport at Lagos. Airfreight traffic to Nigeria had been building up steadily over the past 18 months but when the number of ships waiting to enter the port reached 115 last December there was an explosion in traffic. Apart from the IATA freight on scheduled flights which has experienced a big increase, there are now at least four cargo charter flights a day, each bringing in 35 tons of freight. Anything from construction materials to small cars have been arriving by air.

Handling

Not surprisingly there has been immense pressure on Ikeja's cargo handling operation. There is only one warehouse, which is reserved for the IATA freight and is not big enough to take it all: the charter aircraft unload direct onto the tarmac and there the freight often stays, baking in the sun or drenched in the tropical rain. Acres of the tarmac are covered in cartons and packing cases, some of them decaying.

If the freight arrives prepaid with the documentation in order it should be possible to get the freight away from Ikeja on the day of arrival. But often the documents are not in order, or the freight has been consigned through the banks, which adds an extra few days delay: or there are delays in clearing customs or in getting the pharmacist's report on chemical goods. The whole operation is constrained by the snags which affect the rest of the economy—principally shortage of lorries, shortage of diesel fuel and traffic jams.

Considering the massive and totally unexpected growth in airfreight—the airport is now handling three to four times as much as it was a year ago—it is probably coping reasonably well: customs procedures have been improved and the customs officers work longer hours. Security is much tighter than at the docks, and is enforced by troops: no loading or unloading is allowed after dark. Some of the clearing agents are building bonded warehouses away from the airport to get freight under cover in the rains.

Nigeria's other international airport, Kano, is also undergoing a boom on a rather smaller scale. Most spectacularly Peugeot has a contract with UTA to operate one cargo carrying DC8 a day bringing from Lyon all the parts and equipment for their new factory at Kaduna. Next year there will be two flights a day.

James Buxton

Railways

CONTINUED FROM PREVIOUS PAGE

15 Government-owned airports in the country can take heavy medium-haul jet aircraft, while only Lagos and Kano are suitable for intercontinental jets. But under the new development programme 16 modern airports will be developed to accommodate big jets.

Lagos and Kano airports are to be developed to full international standards, with all modern facilities and amenities for passengers. They will be able to accommodate the largest intercontinental aircraft that are now in use or are soon to be in commercial service. Lesser airports of international standards are proposed for Port Harcourt, Ilorin and Maiduguri. The other airports for medium and short-haul jet aircraft will be sited at Calabar, Jos, Enugu, Benin, Ibadan, Kaduna, Sokoto, Warri, Zaria, Gusau and Yola.

A national radar cover costing N24m. is to be installed to supplement the navigational aids and communication equipment for the 16 airports in order to ensure navigational safety in Nigeria's air space.

With the development of more airports, the authorities anticipate a big jump in air traffic, and a contingency plan has been made for the State-owned Nigeria Airways to purchase seven medium-short haul jet aircraft for the expansion of its domestic and African regional services.

New hangars will be installed at Lagos and Kano to facilitate increased local maintenance of aircraft and reduce Nigeria's dependence on foreign maintenance facilities.

An intensive training programme both at home and abroad will be launched to alleviate the shortage of professional and technical skills in the Nigeria Airways, which operates Boeing 707s and 737s, and Fokker F-27s and F-28s.

By the time all the organisational and managerial problems of the Airways are solved, confirmed bookings will mean guaranteed flights, and last-minute cancellations and irregular schedules may become the exception rather than the rule.

Taiwo Ogunyemi

Road construction

Nigeria's military rulers are likely to bequeath the country a proud heritage, at least in the field of road construction. Nigeria's transport bottlenecks are far from being resolved; but the Government has made an encouraging start in providing the country with a dense road network that will open up the vast hinterland to commerce and industry.

What used to be narrow and winding roads—some of them just a shade better than footpaths—are gradually giving way to modern highways. Old and dilapidated bridges, are being replaced with multi-lane steel and concrete structures.

The Federal Government believes that a good transport system is the essential base for the growth of agriculture, commerce and industry and that everything possible should be done to ensure free movement of goods and people throughout the country.

Little wonder then that the Government has given road development top priority under the 1975-80 Third National Development Plan, with 70 per cent. of all available capital development funds for the transport sector going on roads. Out of an estimated projected expenditure of N7bn. for transport development, more than N5bn. is being devoted to the improvement of old roads and the construction of new ones.

Serious road construction in Nigeria began in 1925 when a skeleton trunk road system was built between the major administrative centres primarily for administrative purposes and for the transport of produce to the ports in the south. Subsequent progress was slow largely because responsibility for road construction and maintenance was sharply divided between the Federal Government and the Regions.

Ministries

While the Lagos Government looked after the so-called Trunk A roads—essentially north-south routes linking the main seaports with the up-country and east-west routes connecting major urban centres — the impoverished regional ministries of works had to grapple with enormous lengths of Trunk B or subsidiary roads.

This state of affairs continued until 1968 when Nigeria was split into 12 States and road administration was partially decentralised. Before long, a significant increase was recorded in both the quality and total length of the national road network. Nearly 4,000km of roads which were previously earth-gravel or single-lane bituminous were reconstructed into two-lane bituminous carriageways at a cost of N183.2m. Work is nearing completion on another 4,000km. of two-lane bituminous roads and modern bridges throughout the country. The projects are estimated to cost N696.1m.

The approaches to the Eko Bridge in Lagos.

With a capital expenditure of almost N1bn., most of the road projects under the 1970-74 Second National Development Plan were completed and officials say a minimal spill-over into the new plan period is expected.

The future is even more promising for road development in Nigeria. With increasing oil revenue, the Government was emboldened to take over from the States 16,000 km of selected roads, raising the Federal highway length from 11,000 to 27,000 km. This will not only remove substantial financial burdens from the State administrations and leave them free to concentrate on feeder roads but will also enable the government to provide the country with a fairly dense mesh of arterial roads of first class quality.

More than 30,000 km of roads will be built under the 1975-80 Development Plan, with emphasis on making the north-south and east-west roads which form the basic grid of the national network dual carriageway. One of the star projects is the Lagos-Ibadan expressway, now under construction. The four-lane motorway will be completed in 1977 at a cost of N90m. The perennial traffic jam in Lagos should be substantially reduced by the construction of ring roads in the city centre and a third bridge to link the island with the mainland of Lagos. Some railway level crossings and busy road intersections, especially at State capitals, will be replaced with flyovers.

In order to try to cushion itself against imported inflation, Nigeria will encourage the use of local materials for road and other construction schemes. Two construction training institutes are to be established to train junior and middle-level manpower for the construction industry while a high-powered maintenance organisation will be set up to maintain the national road network.

Executive capacity has always been a major constraint in Nigeria's development efforts, but the Government is determined to ensure that the new plan is not jeopardised by lack of skilled manpower. The State Government will go into partnership with big foreign construction firms and explore ways of boosting the technical skill, competence and equipment of local contractors.

One sad fact is that the number of road accidents, which last year claimed more than 5,000 lives, is on the increase. This is why General Gowon recently ordered police and other law-enforcement agencies to be more strict with traffic offenders. "We cannot allow this wanton loss of lives of our fellow citizens to continue," he said.

Taiwo Ogunyemi

Telecommunications: external delays

IN 1948 there was only one place in Nigeria from which it was possible to make an overseas telephone call. This was a booth in Lagos. The service was indeed personal. The caller was summoned, by messenger if necessary, and the quality of his call was personally monitored by the Cable & Wireless engineer to make sure that it did not suffer undue distortion and fading, the "wow-wow" effect associated with high frequency radio in those days. This one telephone was an improvement. Before 1948 the only means of overseas communication was by telegraph, through an undersea cable.

Since then the situation has improved considerably. Not part of the concept of the round-the-world undersea telephone cable that was to link members of the Commonwealth, Nigeria was an early candidate for a satellite ground station. Installed at Lanlate, about 150 km. north-west of Lagos, this has a present capacity of 60 circuits. Working in conjunction with the Atlantic Ocean satellite, it provides links mainly to Britain (and thence to other Commonwealth countries), the U.S., Italy and France. It is also used for traffic with the Ivory Coast and Cameroun, and occasionally to transmit and receive TV signals. Equipment recently added makes it possible to use the station with countries that do not have a high traffic density and to which a permanent link is not economically justified.

Later this year a second ground station at Lanlate will be going into service with the Indian Ocean satellite. Principal territories to be served will be Britain (still the main traffic centre), Lebanon, Hong Kong, Japan, India and East Africa. At present traffic to these eastern territories is routed through Europe. When this second station is installed the receiving capacity of the Atlantic Ocean station will also be doubled.

Satellite

During the plan period a new satellite earth station is to be established in the northern half of the country. This is aimed at meeting the anticipated demand for international service, particularly from centres in the interior. The site is not yet decided but it will be close to a key point on the network now being refurbished and extended. It will be fully equipped like the other two stations for handling telephone, telegraph and Telex traffic as well as international TV programmes.

Complementary to satellite communications is the use of an undersea cable, which offers the prospect of further good quality circuits to Europe. At present technical studies are being carried out on the possibility of using an extension of the French cable planned down the West African "bulge" as far as Abidjan in the Ivory Coast. The idea being examined covers drop-off points in Nigeria, with the cable perhaps going on to Douala in Cameroun. There is nothing new in this concept which was first mooted in the mid-1960s. If it comes to fruition it will be a major political achievement in France. A counter-proposal from Britain is likely.

Such a cable would improve communications with other African states, with whom there is a growing community of interest. This is also being furthered by PANAFTEL the Pan African telecommunications network sponsored by the International Telecommunication Union. The aim of this is to improve the links between African countries, which traditionally have their focus of communications in Europe. The situation still exists in which a call to one's neighbour in Africa may be routed through a European capital round the two long sides of a triangle.

Festival

Two PANAFTEL projects are going ahead in Nigeria. The first is a 960-circuit microwave link from Lagos to Cotonou in Dahomey. Efforts are being made to establish a TV link in time for the Black Festival later this year, and the link will be extended to Togo. The other project will link Kano with Maradi in Niger.

To handle the increasing volume of telephone traffic Nigerian External Telecommunications, which already operates its own Telex exchange, has ordered an international switching centre. Scheduled to be installed by 1978, this will enable NET operators to dial directly subscribers in certain other parts of the world. In the meantime, by its own efforts NET—a wholly Nigerian entity since Cable and Wireless ceased to be a 49 per cent. partner in 1972—is offering limited operator dialling to overseas subscribers. This is through equipment being locally built, but progress is hampered by the delays in the supply of components from Europe. Other items in NET's N72.7m. (£50m.) plan budget are computerised centres for international Telex and message switching.

With the improvement in the operation and efficiency of the internal network, it is also hoped that by the end of the plan period international operators and subscribers will be able to dial directly their Nigerian counterparts. Herein lies the weakness of the present system.

It can now take as much as two or three days to get through to Lagos from London. Frequently bookings are suspended because of the number of callers in the queue. With the recent boom in business the queue has grown longer and the delays more annoying. Some dealing regularly with Nigeria point out that, as in certain other developing countries, it is quicker to make a call from there to London than vice versa. "Dash" is supposed to work its usual West African wonders.

It is the simple situation of a chain being as strong as its weakest link. An international network is only as good as the domestic system behind it. It is within Nigeria that we must look for the major improvement in international telecommunications.

P. L. Young

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Telecommunications: local congestion

A DISTRIBUTOR in Apapa, the port and industrial suburb of Lagos, tries to dial a customer in the city. It may take him five minutes to get a dial tone. Like the port itself the telephone system is congested. The distributor can often make a call to his principals in London more quickly than he can get through locally.

Often it is quicker and less frustrating to take to the road and see somebody personally. Where the telephone system is not automatic, going through the operator may take days. A call to Benin, 270 km. from Lagos, may take three days or more against a four-hour drive or a 30-minute flight. A telegram to Benin can be slower than a letter and a cross-country cable from the University of Ife to Nsukka, some 325 km., recently took 12 days —by which time the message was useless. Examples could be multiplied.

One way that medium and large organisations overcome the difficulty is by installing their own private radio links, which work on allocated frequencies. Headquarters are linked to major branches for their own telephone and teleprinter traffic. This is subject to atmospherics, so organisations have to establish their best pattern of traffic transmission during the day to avoid garbled messages.

The method is not perfect but it is a reliable interim arrangement until the country's internal communications system improves markedly. For its size and importance Nigeria has one of the poorest national networks in Africa, which as a continent is well behind the rest of the developing world in telecommunications. As the Third National Plan admits, "existing facilities are grossly inadequate." Much of this is blamed on "cumulative under-investment." Earlier policies have been short-sighted, piecemeal, characterised by changes of supplier.

The result is that Nigeria now has a total of some 120,000 telephones. According to the latest published world figures, in the number of telephones per 100 of the population—0.15—it is slightly better off than Burundi and Chad and worse off than its neighbours Cameroun and Dahomey.

Installation

Moreover, the rate of telephone installation is very slow. Potential subscribers may have to wait several years to be connected. Telecommunications remain a major part of the infrastructure that have still to be built properly.

In the Third National Plan (1975-80) a budget of N1.1bn. (£764m.) has been allocated for investment in internal telecommunications. This will be used to expand and modernise the system. Outdated and substandard equipment—like some of the telephone exchanges in Lagos—will be phased out. There will be much more emphasis on standardisation and long-term supply agreements with international companies.

The aim is to add a further 500,000 subscribers to the network by 1980. In terms of telephone exchanges this amounts to a formidable total of 600. Contracts have been signed for the first phase, making about a quarter of the total, and the crash programme of installation is scheduled to be complete by the end of 1976.

All the new exchanges will be automatic so that the percentage of subscriber link dialling can be increased. At present this is claimed to be available on 60 per cent. of the network, a figure to be increased to 90 per cent. by 1980. For the first time telephone service will be brought to rural communities, which are due to receive about 16 per cent. of the total subscriber capacity.

At the same time Telex services, hitherto confined to the capital, is being extended to important centres. A further 3 000 Telex lines will be added to the national system.

To link these exchanges, existing transmission links will be refurbished and new ones added. Among these is the 960 circuit system covering the 825km. between Lagos and Kaduna. The first coaxial cable system in the country, it is currently being installed by the Japanese. The link will not only increase the link capacity between the two cities and adjoining towns but will also serve as a back-up to the existing microwave system.

Contracts are currently being awarded for new microwave routes in several parts of the country. These will improve communications between the coast and hinterland. They will also help create much more of a mesh configuration for the transmission of calls, making the network more flexible and reliable in its operation.

These are ambitious plans and observers are entitled to be sceptical about their chances for fulfilment. Previous plans have been a sad saga of limited objectives, delays in equipment supply, poor performance, inadequate maintenance and the present intolerably poor service. The policies are now defined, with the aid of the International Telecommunication Union consultants; the money is available; there is a mood for a fresh start in a sorry situation; but are the manpower and the management there?

There is a shortage of trained and experienced engineers and technicians. For the last few years a UNDP sponsored training programme has been carried out by the ITU. The Posts and Telegraphs Training School currently has an output of 300 technologists a year, but these include students from neighbouring African States.

Technical

The facilities are being extended to increase the number to 800 per year. This will not be sufficient to meet the manpower requirements of the plan, and there will be a considerable effort to recruit and retain competent expatriate management and technical staff to help out and maintain the network.

Certainly resources will be stretched, and at present there is no sign that the development of a local telecommunications manufacturing industry is being encouraged. In the meantime the aim of cutting down the waiting period for a telephone to a week and getting through to another subscriber anywhere in Nigeria within 30 seconds remains very much long term.

P. L. Young

Had there been no oil exports the traditional commodity crops would not have provided enough foreign exchange to cover imports. As it is, surpluses seem likely for the foreseeable future.

Trade surpluses

IN THE five years since the end of the civil war, Nigeria has been running yearly trade surpluses — increasing from N130m. in 1970 to N4.3bn. in 1974. Exports increased from N896m. in 1970 to N6bn. last year, while imports rose from N752m. to N1.7bn. within the period.

In the 1950s and early 1960s, traditional commodities, mainly cocoa, groundnut, cotton, palm oil and kernel, formed 90 per cent. of exports. Had there been no oil Nigeria would now be experiencing heavy deficits, as it did between 1960 and 1965. Oil's importance is comparatively recent: in 1969 oil exports were only one third of total exports. But by 1971 oil accounted for 74 per cent. of the total, rising uninterruptedly to 92 per cent. last year.

Oil's share of the export market, of course, has not been the result of increased volume alone: between 1970 and 1974, volume exports increased at an annual rate of 50 per cent. (from 376m. to 785m. barrels), but between 1973 and 1974 there was only a rise of 9.8 per cent. But revenue increased from N274m. in 1970 to N4.7bn. in 1974. Obviously the price rise of the last two years has earned Nigeria its trade bonanza.

Higher

The non-oil sector no longer plays an important role in Nigeria's foreign trade. Accounting in 1971 for N340.4m. the non-oil sector declined to N258m. in 1972, though it rose 49 per cent. to N384.9m. in 1973. Last year, exports reached N508m., for the first time in ten years registering a higher total than 1965's N400m.

Although the share of agricultural exports has fallen from 90 to 10 per cent. of total exports, overall volumes exported have remained more or less constant. The war undoubtedly affected farm production, while natural factors, such as the Sahelian drought in 1973-74 also reduced yields and thus exports. Exports have also been affected by increased local consumption of some items. For example, only 1,000 tons of raw cotton were exported in 1972 compared with 22,300 tons in the previous year, largely because more cotton was locally ginned. The overall picture is also influenced by the drop, compared with the boom years of the early 1960s, in world commodity prices.

Last year's export performance for the sector as a whole may signal a reversal of the years of uncertainty for commodity exports. Nigerian officials are certainly aware of the dangers of over-dependence on oil, and the agricultural sectors of the new development plan include projects to boost commodity exports.

Not suprisingly, under the impact of oil, imports have risen markedly. Between 1971 and 1974, imports of consumer goods rose from N338.8m. to N569m., while those of capital goods rose from N725m. to N1.2bn., with capital goods and industrial equipment rising from 61 per cent. of total imports in 1964 to 66 per cent. last year.

Developing

With the rise in the level of personal incomes, especially as a result of recent wage increases, imports of consumer goods (including food, which now forms about 25 per cent. of consumer imports) are likely to rise very rapidly this year. The recent reduction in import duties and the lifting of the ban on the importation of some commodities announced in the budget could well lead to a sustained import boom.

Nigeria has diversified its trading partners since independence, which has reduced the market share of traditional partners. Britain had about 40 per cent. of the import market in the early 1960s but to-day has only 28 per cent. It has conceded to Japan, the U.S. and other EEC countries, in particular, which have often proved more competitive in terms of price, quality and credit terms. In the automobile and electronics trade, for example, the U.K. has been beaten by Japan, West Germany and the U.S.

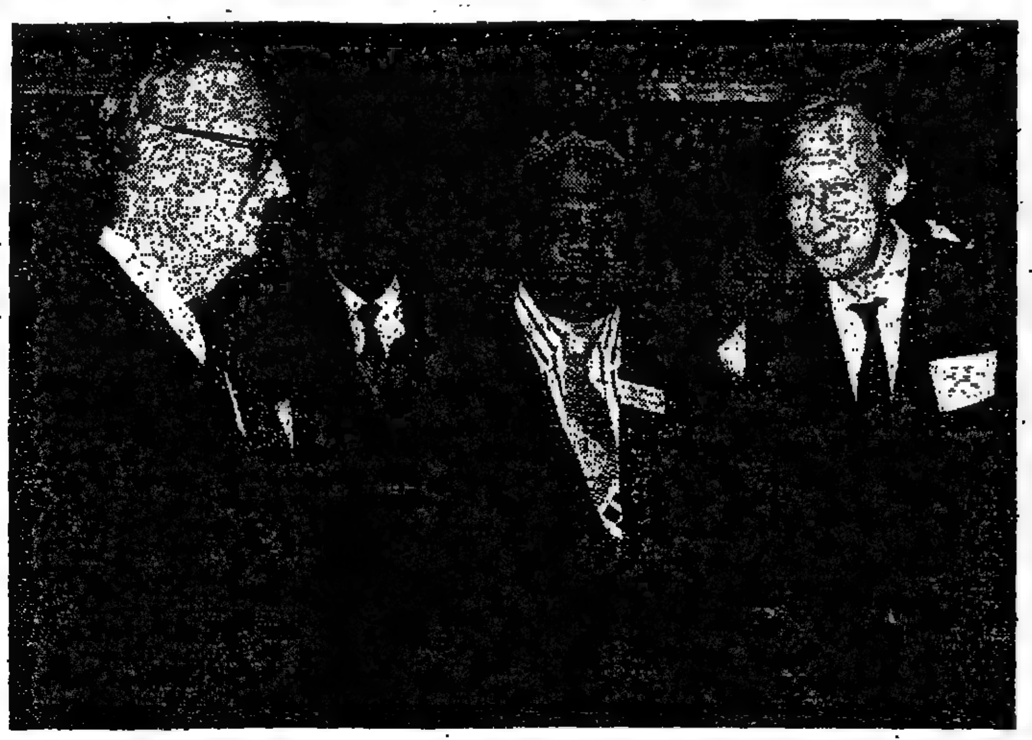
Nigeria's oil exports go to the U.S. and Western Europe—the two blocs take about 95 per cent. of total oil exports. The U.S. alone takes about 26 per cent. compared with 18 per cent. to the U.K., 19 per cent. to France, and 15 per cent. to Italy. This pattern is unlikely to change although some additional oil exports are now going to developing countries, particularly in Africa.

In the non-oil sector one notable trend has been an increase in trade with Eastern Europe, which rose from 3 to over 12 per cent. between 1970 and 1974. Britain's share of non-oil exports fell from 33.4 per cent. in 1972 to 28.2 per cent. in 1973, with a widening trade gap against Nigeria.

Imports have traditionally come from Western Europe — about 67 per cent. of the total—with Britain taking up to 28 per cent. of the total. Again, although imports from Eastern Europe and Japan are likely to increase, Western Europe seems certain to remain Nigeria's largest supplier for the time being, with trade perhaps further boosted by Nigeria's association with the EEC through the Lomé Convention.

Nigeria seems certain to continue to enjoy a trade surplus, although its size will obviously depend on world oil prices. There remains, however, the urgent need to diversify exports by intensifying production of agricultural commodities, with the added hope that the various proposed international price stabilisation schemes will increase earnings. Non-oil exports could also benefit from proposals in the new Development Plan for export-oriented industries, the largest of which—like the LNG or fertiliser plants — are in fact oil-based.

Efiong Essien



Minister of Trade Mr. Peter Shore (right) greets Mr. Henry Fajemirokun along with Sir Patrick Reilly, President of the London Chamber of Commerce (left) during a visit by a 50-man mission from Nigeria last week. Mr. Shore announced that Anglo-Nigerian trade had doubled in the first four months of 1975 over the same period last year, and said that a number of British trade missions would visit Nigeria this year.

Like many other areas of the country's economy, the banking sector has been transformed by the oil revenues that now pass through its hands. Merchant banks have been encouraged to set up with the aim of mobilising medium- and long-term funds.

Banking

THE NIGERIAN banking scene has been totally transformed by the explosive increase in oil revenues — a transformation which took both the Federal Government and the Central Bank of Nigeria somewhat by surprise. The established commercial banks now find themselves operating in a quite different situation to what they were accustomed to, and they have been joined by a number of merchant banks, a phenomenon previously almost unknown in Nigeria.

There are 15 commercial banks with about 400 branches in Nigeria. The two leaders are Barclays and Standard, who have many years' experience in the country, and now have big local shareholdings and are locally incorporated. They are probably to a large extent responsible for the development of the banking habit in Nigeria, but a number of Nigerian-owned banks are now cashing in on this, although their scope is limited by having smaller capital and deposit bases, and lacking the experience and efficiency of the "Big Two."

Principal

In 1974 the banks found that they were the principal medium by which the vastly increased funds in Nigeria could be transformed into working finance, apart from direct Government spending and public sector lending institutions. They had to operate under rules which had been drawn up when foreign exchange and local liquidity were short, and as deposits began to build up strain started to show.

One problem was the absence of outlets for short-term funds. The Central Bank stopped paying interest on commercial bank balances, and recently interest on Treasury Bills was cut from 4 to 2½ per cent, while longer term Treasury certificates are to be phased out altogether. Local development stocks of less than one year maturity now count as a liquid asset, however. The banks were not permitted to hold funds abroad.

The Government clearly has no need to raise short-term funds since the oil revenues are continually rising, but the Central Bank has retained its lending guidelines for the Commercial banks, specifying percentages for lending to sectors such as agriculture and manufacturing. In practice there has so far been difficulty in finding enough outlets for long-term investment, given the time it takes for projects to be planned, and there is excess liquidity, worsened by the Udoji pay awards. Banks have large funds on which they are earning no interest at all.

The budget in April this year has alleviated some of the banks' problems. Until then the system for financing foreign trade was that developed when foreign exchange was in short supply: import financing by the banks was limited to encourage overseas suppliers and parent companies to extend credit. With Nigeria's interest rates held well below those of the exporting countries this became increasingly unsatisfactory as the import boom got underway. But since April payment can be made at the time of shipment and banks can hold balances abroad to facilitate prompt payment to shippers. This was especially necessary since delays at the port began building up.

At the same time interest rates have narrowed, with the maximum lending rate now at 9 per cent, and the deposit rate brought up to 4 per cent., though how far this will encourage local businessmen to borrow more and thus reduce excess liquidity in the banking system remains to be seen. The monetary authorities expect the lowering of interest rates to cut costs and reduce the inflation rate.

Last year the Nigerian Government decided to encourage merchant banks to establish themselves in Nigeria with the specific task of mobilising medium and long-term funds for capital projects. So far five new banks have been authorised: Icon (owned by Barings, Morgan Guaranty, NICON and the Nigerian Industrial Development Bank); UDT; First National City Bank New York; First National Bank of Chicago; and Chase Merchant Bank (owned by Chase Manhattan, Standard and Chartered and Mitsubishi Trust and Banking Corporation). These joined Nigerian Acceptances, in which Grindlays has a large stake.

The immediate role of the merchant banks is to earn fees by putting together packages for financing long-term projects. Some of the large agricultural and industrial projects described in other articles in this survey are likely to be financed by a mixture of Government money and private capital. The Government believes that its commitment to capitalism will be reinforced if such packages are put together by merchant banks whose interests are purely commercial. So far, however, misunderstandings about the merchant banks' modus operandi have meant that little has been accomplished in this field.

With the vast funds available in Nigeria it is unlikely that the merchant banks will want to employ offshore funds, and exchange control does not allow them to use Nigerian funds in projects outside the country. So far the merchant banks' long-term lending is restricted by the Banking Decree, which forbids all banks to lend more than 30 per cent, of their capital, but a new decree to apply to merchant banks is thought to be in preparation, and it is widely believed that this rule will be changed at least in respect of merchant banks, since the merchant banks have large long-term deposits from institutions.

Leasing

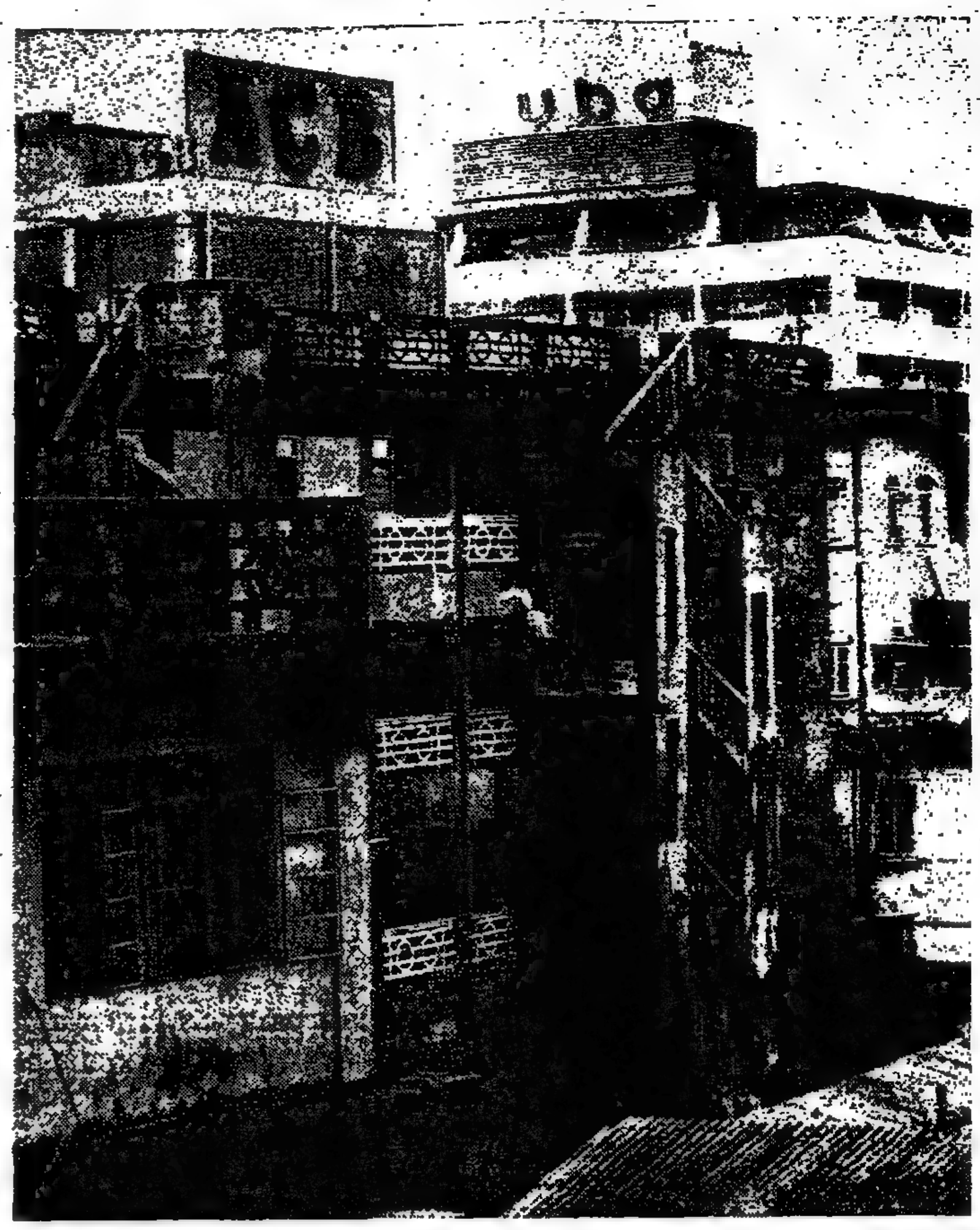
So far the merchant banks have achieved relatively little in Nigeria, and the Government's long-term aim that they should play a part in leasing and factoring operations remains long term: the banks need to establish "bread and butter" business before going into more specialised services. The merchant banks have, however, put the commercial banks on their mettle — the latter are tending to lend a little longer and could compete for corporate surplus funds with higher deposit rates. The commercial banks have the advantage of a much deeper knowledge of Nigeria than the merchant banks—but the Government may have its own plans for the merchant banks.

There is little scope for the merchant banks in managing new share issues since turnover on the Lagos Stock Exchange is very small, for reasons discussed elsewhere.

The growth of lending in Nigeria is closely linked to the success or failure of the Third Development Plan in which the private sector is expected to invest N10bn. in the next five years. The banking industry in Nigeria is responding enthusiastically to the new demand and the commercial banks are constantly opening new branches.

Techniques are advancing: Standard Bank Nigeria, for example, has linked its Lagos branches to a computer system run wholly by Nigerians. All banks are trying to extend the banking habit, and the growth in the volume and level of salaries in urban employment gives good scope for extending savings facilities.

James Buxton



Raising their standards above older Lagos buildings come the banks: African Continental Bank and the United Bank of Africa.

BANKING FIGURES

	end-1973	end-1974	Percentage increase
External reserves ...	N241.0m.	N3,112.5m.	1,191.5
Total bank deposits...	N1,013.6m.	N1,693.9m.	67.2
Money supply (M3)...	N1,499.2m.	N2,332.3m.	55.6

The Government's moves towards indigenisation are intended to give Nigerians greater control of the economy without deterring foreign investment. These measures have some success but trained manpower still has to be imported.

Indigenisation

IN FEBRUARY 1972 the Nigerian Government produced its Nigerian Enterprises Promotion Decree, designed to strengthen control by Nigerians of their economy without alienating foreign interest, capital and know-how. The decree became known as the indigenisation decree, and foreign businesses were given two years to make arrangements to comply with it. Now, after it has been in full operation for one year, it is possible to give some assessment of how it is working.

The main aim of the decree was to delimit areas in which foreign investors were to operate. This was achieved by three methods: (i) by Schedule 1 of the decree, 22 enterprises were reserved exclusively for Nigerians. Most of these enterprises are in areas in which Nigerians were already operating. The intention of the schedule was to restrict foreign competition and give greater scope for the development of Nigerian entrepreneurs; (ii) by Schedule 2, 33 enterprises, mostly light industries, operated solely by foreign owners, were required to sell at least 40 per cent. of their capital to Nigerian private citizens and organisations; (iii) by the silent part of the decree — (a Government intention which became apparent after the promulgation and operation of the decree, but which derives its origin from the objective of the Second National Development Plan) the Government, and not private citizens or organisations, acquired substantial ownership and control of strategic industries and service organisations, such as banking, insurance, petroleum exploration and marketing, engineering construction, road construction, auto assembly plants, liquefied gas, and the iron and steel industry.

Control

By these three measures, the Nigerian Government and people have very considerable control over the nation's economic resources. The measures demonstrate the political will of the people and Government of Nigeria to ensure genuine political independence based on a self-sustaining and a well balanced economy, and subject only to control from within the nation.

What are the prerequisites of success of the policy, and how has Nigeria coped with the problems so far? The essential ingredients of successful indigenisation are: (i) availability of domestic capital; (ii) rapid extension of management education; (iii) availability of Nigerian entrepreneurs; (iv) availability of appropriate technology and personnel with the necessary know-how.

The Government gave a strong and an effective leadership in matters of financial policies that made capital facilities available to Nigerians to buy up businesses under Schedule 1 and to take up shares under Schedule 2. Statistics of businesses bought under Schedule 1 are not easily available, so it is difficult to state the number of enterprises (and their accurate capital value) that were sold and bought under Schedule 1.

However, on Schedule 2 it is known that 24 public companies transferred at least 40 per cent. of their shares to Nigerian citizens and associations through the Stock Exchange. Over 54m. ordinary shares were bought by Nigerians. All the shares issued through the Stock Exchange were very heavily over-subscribed. The over-subscription may be accounted for by a number of factors such as the availability of bank credit facilities, financial facilities given by some employers to enable their employees to buy a percentage of shares reserved for them, the operation of the Capital Issues Committee and the stringent measures of the Stock Exchange in the valuation of shares and their rights to be dealt in on the Exchange. The last factors probably accounted for a conisderable number of private companies, which could have gone public and offered their shares through the Exchange, disposing of their shares at their own valuation privately.

Whether private or public, at least 40 per cent. of share capital of all companies in Nigeria is either in the hands of private Nigerian citizens or organisations and/or government. In a number of cases more than 40 per cent. of the shares of companies in strategic areas have been taken over by government. With such ownership, the question of apparent control by Nigerians can be taken for granted. The effectiveness of the control is a matter that has to wait for the test of time and the astuteness and business acumen of Nigerians on the boards of directors and in senior executive positions.

This naturally leads on to management education and manpower. In order to cope with these problems, the Government created three bodies to give the necessary push to the increase in the supply of trained manpower to ensure the success of the indigenisation policy.

The Industrial Training Fund Council was set up in order to make it virtually obligatory for all companies to train their men at all levels through a system whereby each company, having paid a percentage of its wages bill, would be entitled to claim a refund from the amount paid, provided it could be proved that amounts being claimed have been spent on management, on scientific and/or technical training of manpower within the company. The second body created is the Nigerian Council for Manage-

CONTINUED ON NEXT PAGE

Population figures are a vital ingredient of the political scene in Nigeria. Regional, tribal and family loyalties have been reflected in party strengths and the published headcounts always cause controversy, even under a military Government.

Importance of the census

IN A COUNTRY where political loyalties are based largely on family, tribal, geographical or similar factors, population figures are crucial. For political power goes with numbers. Censuses, therefore, have long been at the centre of Nigerian politics, determining not only which areas are to have the biggest political say, but, since parties have had sectional bases, which parties. Above all in the days of civilian politics it was the population figures which ensured that the Northern People's Congress, with its base secure in the Northern Region but with little appeal outside it, was the arbiter of national politics, since without claiming a single Parliamentary seat outside the region.

Conflict

The division of the country in 1967 into 12 states instead of four unbalanced regions, it was generally believed, would significantly modify the conflict between north and south. For among the six states into which the Northern Region was divided, wide differences would become apparent. Moreover, the census which fell due in 1973 was to be conducted by the military regime. So, it was thought, it would not attract the suspicion attached to the 1963 census, the only one (if we exclude the 1962 census, whose results had to be nullified because of the political controversy it caused) conducted in independent Nigeria.

The 1963 figures, it was widely believed in the southern regions, had been "inflated" in the north to ensure continuation and strengthening of the dominance of the Northern People's Congress. In fact, while the 1952-53 census, conducted by colonial officials, gave the Northern Region some 17m. people out of over 30m., the 1963 one gave the region some 29m. out of 56m., a somewhat smaller proportion.

In any case, although there were obstacles to campaigning in the north, it was always open to southern politicians to wean people in the north, or individual northern politicians or MPs, away from the NPC and so redress the balance. But to many if not most southern leaders, northern "domination"—although they found it difficult to explain just how this manifested itself in the daily lives of southerners — seemed immutable.

For the 1973 census, held between November 25 and December 2, the preparations were meticulous. The census Board called in the army to handle transport and communications. As many as 150,000 of Nigeria's total force of 220,000 soldiers were directly employed on census duties, and the rest were placed on general alert for the period. Nearly everyone of the 120,000 enumerators was accompanied by a soldier during the counting.

An army radio communications network was set up to link Lagos with state census offices, and where necessary state offices with divisional offices. The army was also responsible for distribution of the vast amount of census material, and for collection and transport of completed questionnaires and forms from divisional offices to state offices and then to Lagos.

The army provided special transport in areas where the terrain made it difficult for officials to reach enumeration areas. Launches were used in riverine areas (notably in Rivers State), and in the mountainous regions of North Eastern State bordering Cameroon helicopters were used to reach isolated communities.

The task of recruiting supervisors, 60,000 in all, and enumerators was left to divisional census officers. Supervisors were given intensive training in divisional census headquarters, and then themselves trained enumerators. All census workers had to be fluent in English and have a minimum qualification of primary school education. There was no deployment of census officials outside their own areas, and in some Northern States it was difficult to find enough people to meet the standards. In such cases enumerators were drawn from students in post-primary institutions. The majority of census officials were seconded from the civil service.

Before the census a national house-listing and detailing exercise took place. Where appropriate, facts such as crops grown, trees cultivated and livestock kept were included. House-listing and detailing required a complicated coding system to differentiate between buildings, census houses and households, and, in traditional extended-family compounds, to distinguish between house-owners and families.

In Muslim areas women in purdah were counted by female enumerators within their compound purdah areas, and wherever possible enumerators were escorted by policewomen. Anyone in Nigeria during the census was counted, including non-nationals. But the large number of Nigerians working and studying abroad were not included. A total of 22m. questionnaire forms were produced.

To prevent large-scale migration immediately before and during the census from places of residence to places of "origin" there was widespread publicity. But as this made it clear that the census results would provide information for determining the allocation of amenities and revenue within the country at all levels, it also encouraged many to return to their place of birth to be counted.

For those who had to travel, check points were set up on all roads and stations and the use of indelible thumb-prints and the presence of soldiers in large numbers deterred attempts to be double-counted.

NIGERIA'S CENSUS FIGURES

	1952-53 census (millions)	1963 census (millions)	1973 census (millions) (provisional)
Lagos	0.50	1.44	2.47
Western	4.36	9.49	8.92
Mid-Western	1.49	2.54	3.24
Rivers	0.75	1.54	2.23
East-Central	4.57	7.23	8.06
South-Eastern	1.90	3.62	3.46
Benue-Plateau	2.30	4.01	5.17
Kwara	1.19	2.40	4.64
North-Western	3.40	5.73	8.50
North-Central	2.35	4.10	6.79
Kano	3.40	5.77	10.90
North-Eastern	4.20	7.79	15.38
Total	30.41	55.66	79.76

The census also made latent border disputes between Nigerian states come to the surface in an attempt to force changes before the count began, and police were drafted in large numbers to areas where disputes had developed.

Yet, in the end, when General Gowon announced the national and state totals, in May 1974, controversy recalling that of 1963 broke out, since the figures for some states were unexpectedly high, and for others unexpectedly low. Yet as General Gowon said, it was essential to issue figures, however "provisional," to put an end to speculation.

General Gowon strongly and rightly emphasised that the figures giving Nigeria a total population of 79.76m., were provisional and would be rigorously checked. The total gave Nigeria an even greater lead in population among African states than she had before. The next African country is Egypt with its 35m., and the next Black African country Zaire, with its 22m. The figure also made Nigeria the eighth most populous country in the world, coming after Brazil.

The rise to almost 80m. compared with 55.66m., in 1963 and 30.41m., in 1952-53, is remarkable and can have few parallels, although the new figure may cast doubt on the completeness of the previous censuses.

The most surprising figure was that of 51.38m. in the six northern states (the former Northern Region) against 28.28m., in the other six states. In 1963 the figures for the two groups were much closer — 29.80m. in the then Northern Region and 25.86m. in the three southern Regions and Lagos. But there was surprise that inside the Northern states the rise in Kano was from 5.77m. to 10.90m., and this time the four most northerly states had a slight majority over the rest of the country.

On the other hand a fall was recorded in the population of the Western State, in 1963 the most populous of the areas later to become states, from 9.49m. to 8.92m., and in the South-Eastern from 3.62m. to 3.46m. All other states had increased their population in roughly equal proportions. Chief Awolowo, the veteran Western State political leader, urged the Government to reject the figures, emphasising that if the 1963 and the 1973 figures were correct, the Western State registered a fall in growth of 0.62 per cent., and the North-Eastern an increase of 7.04 per cent. It should be noted that the national growth rate based on the new figures was 3.6 per cent., far above the African average. But it was far below the rate of 5.7 per cent. recorded between 1953 and 1963.

The relative size of the populations of the different states governs to a large extent the amount of revenue they can draw from the Federal Government. The size of the populations may also govern the proportion of their representation in the central legislature, when civilian rule returns. And the figures must be the basis for the delineation of constituencies for both federal and state legislatures. The question of division of existing states into further ones is also affected by the population and ethnic pattern established by the census.

Enumeration

Since the provisional figures were announced public attention in Nigeria has been diverted to many other issues—the decision to postpone civilian rule, the Udoji pay awards, industrial unrest, price inflation and the rest. The detailed census enumeration survey is being carefully carried out and will, no doubt, reveal some discrepancies. But, as Dr. M. I. Oro of the University of Lagos has said, the survey may yield some useful extra information, but is unlikely substantially to alter the national and state totals.

Reserve about the correctness of these totals is based partly on their deviation from the 1963 totals. But the unreliability of these makes comparisons dangerous. In addition, however, critics say that in some cases the evidence of their own eyes suggests that totals are inflated. Yet all this is supposition. The detailed figures will be a different matter. For while rejection of a state total can only be a matter of personal opinion, the individual can have a fairly accurate idea of the number of people in a village—and Nigeria is for the most part a country of villages, and the state totals, apart from Lagos, are largely the sum of village totals.

David Williams

Indigenisation

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ment Education and Training. The objectives of the Council, among others, include the strengthening of existing management training institutions in Nigeria by supplying them with the necessary resources to enable them to discharge their functions adequately and efficiently and, where necessary, to expand to meet the growing demand for the supply of trained managerial personnel. The third council created was charged with the direction of national effort towards an ever-growing increase in the number and quality of various national agencies responsible for the training of scientists, engineers and technicians. It is called the Nigerian Council for Science and Technology.

It is too early to assess the effectiveness of these three councils in meeting the manpower challenges posed by indigenisation, but if they operate effectively Nigeria can be guided towards the much desired expansion of institutions operating in the supply of the various levels of manpower required for the success of the indigenisation policy.

It is now clear from the Third Development Plan that the gap between the demand for trained personnel and its supply has widened considerably. Nigeria to-day is suffering an acute shortage of trained manpower and this is probably why the Government has now relaxed its restrictions on immigration policies. Where the need is proved, few difficulties will be encountered in getting aliens to work in Nigeria, either for Nigerian wholly-owned companies or for those partly owned by Nigerians and aliens.

In view of the alarming shortage of executive capacity in the country, future Government policies will concentrate on this by providing more opportunities for training institutions both at university and technical college levels as well as at on-the-job and at post-experience levels. By a recent Government announcement the Manpower Board is to have a unit in every State in the federation.

Indigenisation is a long process and initial setbacks in manpower supply can be overcome by the temporary injection of manpower from elsewhere. But if the manpower so injected is to be effective for economic growth it must be directed by capable Nigerian entrepreneurs.

The 1975 conference of the Nigerian Institute of Management in Kano looked at the challenges posed by indigenisation as it concerns the Nigerian entrepreneurs. The conference came to the conclusion that there is only a small number of Nigerians with entrepreneural flair in business. It was, however, noted that with the early retirement age from the civil service, which had until recently recruited some of the best brains in the country, a number of ex-public serivants will enter the business and industrial world and will bring into it the required executive capacity. The final ingredient of success of the indigenisation policy in Nigeria relates to technology.

The experience of the last few years shows that Nigeria is capable of importing and adapting technology to meet local needs. It has also been shown that Nigerians are capable of learning very quickly the know-how of imported technology, assuming that those concerned are given appropriate training both locally and abroad in the process of selection and adaptation of technology from industrialised countries.

Until technology can become indigenised, by which is meant that until Nigeria can create design engineers who can bring about the appropriate technology for processing the natural resources of the country, the main objective of the indigenisation policy is to ensure that the country can achieve a self-sustaining and well balanced economy.

Dr. M. O. Omolayole and Chief O. I. Akinyemi

Bearing the stamp of its British roots, the insurance industry in Nigeria has achieved a considerable degree of sophistication. Most of the companies are locally owned with 10 controlled by State governments, and the Lagos Government is now empowered to take a stake in non-Nigerian owned companies.

Insurance

INSURANCE IN its modern form was virtually unknown in Nigeria until the early part of this century. The first insurance company to have a branch office in Nigeria was the Royal Exchange Assurance, which established its first branch office in Lagos in 1921. From 1921 to 1949, the Royal Exchange Assurance remained the only insurance company fully established in the country and indeed in the whole of the (then) British West Africa. In 1949 three other companies were registered—the Norwich Union Fire Insurance Society, the Tobacco Insurance Company and the Legal and General Assurance Company. Practically all these pioneer insurance companies were wholly British-owned, and it was the British who introduced the concept of modern insurance into Nigeria. As a result, the theory and practice of all classes of insurance in the country has to a great extent followed the British pattern. Furthermore, this has given a British stamp to such aspects of Nigerian insurance practice as loss adjustments or claims settlement procedure, office routine and general insurance administration.

Underwritten

Until the late 1950s, there was no indigenous Nigerian insurance company operating in the country. Before the incorporation of the first set of indigenous companies, the business had been underwritten by offices which were primarily branch offices of U.K. composite insurance companies. Between 1960 and 1974 a large number of indigenous insurance companies commenced operations, and these companies now underwrite a sizeable volume of the total insurance business in the country. The leading indigenous insurance company, and the premier company in Nigeria, is the National Insurance Corporation of Nigeria (NICON), which is wholly owned by the Nigerian Federal Government. The National Insurance Corporation was established by decree in 1969 and it started business in January 1970. NICON acts as the recipient of a 10 per cent, compulsory cession from all offices transacting business in Nigeria. In addition, it operates as a direct insurer, competing freely with other companies operating within the market.

At present there are about 80 insurance offices operating in the country. Approximately ten of these are owned either wholly or partly by state governments, while the rest are privately owned insurance companies with either wholly Nigerian shareholders or a combination of Nigerian and foreign shareholders. There are still quite a few companies that are wholly foreign owned, but a recent regulation now empowers the Federal Government to acquire up to 40 or 49 per cent. equity participation in all viable non-Nigerian insurance companies, and steps are being taken to implement this regulation. There has been no nationalisation of the insurance industry in Nigeria, and the Nigerian market is open and allows free and fair competition among the 80 offices operating in the market.

The Nigerian economy has grown tremendously in the past few years, and so has the insurance industry. In 1967, the total premium income of all the insurance companies in Nigeria was less than N18m. By 1971 and 1972 the figures had increased to approximately N37m. and N55m. respectively. Although no official statistics are yet available for the past two years, present indications are that the 1975 total premium income of all the insurance offices operating in the country should be in the region of N160m.

Insurance is an international business and the Nigerian insurance industry accepts the principle that no country can afford to run its insurance business in isolation. Every insurance office in Nigeria has some form of international connection with a leading international reinsurer or reinsurance consultant based either on the continent of Europe or America or in the London market. There is as yet no Nigerian reinsurer as such, but it is now known that the Federal Government has plans to set up a national reinsurance company in Nigeria before long.

Freedom

Until a few years ago there was no form of governmental control of the insurance industry in Nigeria, and insurance companies were allowed almost complete freedom of action within the provisions of the ordinary laws of the land. As time went on, it became clear that this policy of complete freedom and lack of control and supervision was subject to abuse, and the Government had to intervene to control and regulate insurance operations in the country. The law governing the business of insurance in Nigeria is the Insurance Companies Act, 1961 and the 1968 Regulations made under this Act. Other relevant legislations are the Insurance (Miscellaneous Provisions) Act, 1964, which deals mainly with investment of insurance funds, and the Marine Insurance Act, 1961 and the Companies Decree, 1968. Most of these legislations are patterned on British lines. In motor insurance, the legal requirements follow the U.K. legislation under which insurance cover is compulsory and unlimited for third party bodily injury.

Practically all types of insurance available in the U.K. market are now sold by Nigerian insurers, with a few minor exceptions, such as credit insurance, health insurance and "legal costs" insurance. Until quite recently there had been little demand for professional indemnity insurance, bonds and "contractors all-risks" and engineering insurances, but with the rapid rate of industrialisation which the country is now witnessing, there has been growing demand for this sort of cover. Following a few successful professional negligence claims, professional indemnity insurance is becoming popular. The most popular forms of insurance are motor—which attracts the highest volume of premium income—fire, marine, life and the various types of accident insurance business. Aviation insurance is picking up, although most of the larger aircraft are insured in the London market.

The main problems facing the insurance industry are the usual problems of the business of insurance. These are the global effects of inflation on claims costs, shortage of manpower, especially top management personnel, and the poor public image of the insurance industry. In the field of life assurance, the absence of any local consulting actuaries creates communication problems, since the local life office has to rely entirely on the services of actuaries based several thousand miles away from the head office of the local company. There is also the problem of the absence of a local mortality table. All mortality tables in use in the country, and indeed almost all over Black Africa, are foreign tables adapted and loaded by the actuary for use by the particular life office.

J. O. Irukwu

Nigeria will be acting as host for the Second World Black and African Festival of Arts and Culture which is due to be held in Lagos in November and December.

The arts festival

AN ADDITION to Nigeria's newspapers and periodicals made its debut at the beginning of last month. "Festival News" is a glossy expensively printed magazine which will be published monthly to inform Nigerians, all blacks and the world at large of the progress being made in preparation for Nigeria's most ambitious international undertaking—the hosting of the Second World Black and African Festival of Arts and Culture which will be held in Lagos from November 22 to December 20 this year.

The first such festival was held in Dakar, Senegal in 1966, and it was then known simply as the World Festival of Negro arts. At the end of the Dakar Festival, President Leopold Senghor of Senegal invited Nigeria to host the Second Festival, which was at that time tentatively scheduled for 1970, but because of the internal situation in Nigeria it was not until the end of the civil war that Nigeria started organising the Festival.

As in Dakar in 1966, so in Lagos in 1975, the main aim of the festival is to proclaim loud and clear the validity and distinctiveness of Black and African culture and the contribution that African cultural values have made to world civilisation.

Appropriately the festival has adopted as its emblem one of the finest pieces of African art—a 16th century ivory mask from Benin, which was worn by Benin kings on royal ceremonial occasions. Last worn by King Overamawen, who lost his throne with the collapse of the Benin Empire in 1897. The same year the mask was mysteriously acquired by the then British Consul-General of the Niger Coast protectorate, Sir Ralph Moor—it now rests in the British Museum.

In comparison to what is being planned in Lagos, the Dakar festival was a modest affair. Nearly 100 countries and Black communities throughout the world are eligible to participate in the festival — ranging from the host country Nigeria to such newcomers to Black solidarity as Papua, New Guinea; the aborigines of Australia and the Black communities of the Dutch-controlled territories of Surinam, Aruba, Curaçao and Bonaire in the Caribbean.

The number of festival events and exhibitions is sufficiently long and varied to give participating countries or groups an opportunity to exploit their strongest points, whether it is music, literature, drama, visual art of traditional domestic crafts or dancing. Themes and sub-themes run through almost every major event. An exhibition on "Africa and the origin of man" will include archaeology and African antiquities, and for those more interested in the domestic arts, exhibitions will include traditional hair-dressing, cosmetics, culinary art and tattoos. The "visual arts" section of the festival will include children's drawings, tapestry, carvings and a photographic exhibition on "the Black race." Miscellaneous single themes will include exhibitions on Black contribution to science, technology and invention, traditional chieftaincy, the influence of African art on European art and an exhibition of mounted animals.

Dancing

No festival of Black arts and culture would be complete without a massive dose of dancing and Lagos will be no exception. There are to be 14 categories of dances including ritual and masquerade dancing, dances dedicated to the traditional gods of hunting and farming. Although many African countries and other Black communities have already paid the $U.S.10,000 registration fee for the festival, by the beginning of last month only two countries, Cuba and Trinidad and Tobago, had officially entered for specific events. Cuba is sending two of its most renowned dance companies—the Conjuto Folklorico Nacionale and the Danza Nacional de Cuba, while the contingent from Trinidad and Tobago will include one of the country's leading steel bands.

For the drama events Trinidad and Tobago is entering three plays all by the famous playwright and actor Derek Walcott. The late entry for events is beginning to worry officials whose task it is to co-ordinate the various events and exhibitions. The International Festival Committee and an International Secretariat have been set up for this purpose, and both bodies are headed by Chief Anthony Enahoro, Nigeria's Federal Commissioner assigned to special duties. Chief Enahoro is the link between the Nigerian Government and the International Festival Committee, and all major decisions require his approval, but the day to day running of the festival preparations is in the hands of a Senegalese academic, Dr. Alioune Diop, the Secretary-General of the International Committee.

Dr. Diop, now in his early sixties, has for many years been concerned with the preservation and promotion of Black culture. A former member of the French senate, ex-president of the International Congress of Africanists, founder and Secretary-General of the Society for African Culture, Dr. Diop talks animatedly about the cultural significance of the festival. Sitting behind an out-sized desk in his thickly carpeted, air-conditioned office he exudes a professional aura which suggests that he might be more at home chairing an international seminar on—say—"Black civilisation and pedagogy" rather than discussing the minutiae of hotel accommodation or coping with the personality clashes among his senior staff.

Talking to Dr. Diop and members of his staff, one gets the impression of people haunted by a secret fear that all might not be right "on the night." The fact of the matter is that preparations still have a long way to go. The Nigerian Government itself has assumed responsibility for the material aspects of the festival, such as the provision of transport and accommodation during the festival.

Officials in Lagos estimate that at least 25,000 participants will be involved in the festival, not to mention the 100,000 visitors expected. Twenty-nine contractors from the U.K., America, France, Germany and Nigeria are working flat-out to build a special festival village on the outskirts of Lagos, which will house the participants and visitors together with many VIPs. The original target was to build at least nearly 11,000 flats, some with three bedrooms and a sitting/dining room.

There are tentative plans to hire luxury liners as "floating hotels," but this would involve the problem of transporting people to and from the liners. With Lagos harbour already over-congested with ships—some of which have spent weeks waiting for berthing facilities—the introduction of "floating hotels" could create a "ship-jam" of enormous proportions in Lagos harbour.

What will be ready in time for the festival is the new National Theatre. The theatre is being built by a Bulgarian firm at a cost of $US40m. The Nigeria Government has gone all out to build what must be one of the most magnificent theatres on the African continent. Modelled on the Palace of Culture and Sports in Verna, Bulgaria, the main theatre hall has seating for just over 5,000 people. Within the complex of the theatre is a conference hall, two large cinemas, each with 800 seats, four snack bars and a restaurant, to serve at least 1,000 people at a time. Furnished at a cost of over $4m. the main seats in the complex were made in Nigeria, while some were imported from France.

The Nigerians have gone all out to ensure that if money can ensure the success of the festival then all that is necessary will be spent. They dare not fail, especially as the two patrons of the festival are none other than President Leopold Senghor of Senegal and General Gowon of Nigeria. There is more to the festival than simply proclaiming the validity of Black arts and culture.

By a Correspondent

Misinterpreting the Scottish EEC vote

From CHRIS BAUR in Edinburgh

FOR THE pro-Europeans there is a danger, as well as an obvious comfort, in the large "yes" vote (58.4 per cent.) returned by Scotland to support Britain's membership of the EEC. The comfort, clearly, is that a Scottish majority for membership — albeit one which was less than half the size of the overall U.K. margin — was achieved at all in a part of the country which had long been expected to be one of the least enthusiastic to accept the EEC.

Admittedly, by the end of the campaign, the opinion polls had spoiled much of the fun by accurately predicting a Scottish "yes." In doing to they charted a huge turn-round in Scottish opinion since early in the new year, and this is itself a tribute to the tactics and force of the pro-Market campaigners, which no one can take away from them.

With the exception of the only U.K. "no" majorities to be returned, by the Shetland and Western Isles (whose circumstances are sufficiently idiosyncratic for the results to be regarded as maverick), it seems clear that what finally told in Scotland was the insistent pro-Market campaign of fear about intensifying economic difficulties if Britain withdrew. There are bound to have been other factors as well — the authority of the Government's majority recommendation: the lack of unity among the anti-Market radicals: the apparent equivocation of the Nationalist campaign for a purely tactical Scottish "no" vote. But undoubtedly the balance was tipped by emphasising those paramount considerations in Scottish politics, jobs and investment.

It is this anxiety about the economy, however, which also contains the seeds of danger for Westminster as it seeks to interpret the Scottish verdict: and here there is perhaps an important distinction to be drawn between what the Scottish voters were actually voting about and what the various political factions will say they were voting about.

As I suggested before the referendum, it is almost inevitable that the result in Scotland will be interpreted—whether the voters consciously intend it or not—as yet another indication of the strength of Scottish Nationalism. The results were scarcely complete before there was conclusive evidence that this was beginning to happen. Those who have won the European argument and who are in large measure (though not exclusively) opposed to, or suspicious of, the devolution of significant powers to a Scottish elected assembly, are wasting no time in spending the political bonus they have been awarded to the Scottish "yes" vote.

In a major speech in Glasgow on Friday, Mr. Denis Healey, the Chancellor, stressed that Scotland's economy must be and would remain "indissolubly tied to the prosperity of the U.K. as a whole." It was be argued, not a self-sufficient entity, but an integral part of the U.K. and depended on "the existence of a single economy and a single policy." The Foreign Secretary, Mr. James Callaghan, more boldly still, saw the result as proof that the U.K. wanted to remain united, a principle which, he said, he held very dear to his heart.

Glen Gemie

Mrs. Winifred Ewing, the SNP spokesman on Europe, with Scottish fishermen: the Conservatives, on the basis of the referendum result, hope that the farmers and fishermen have been "prised loose" from the SNP.

Opinion poll

Similarly, the Scottish Conservative Party which, given its record north of the border, has more tactical reasons than most to be overjoyed at the Scottish result, sees it explicitly as a "significant slap in the face for the Scottish National Party, which has shown itself to be out of tune with Scottish opinion."

Implicit in all these comments is the view that what Scotland voted for was her continued membership of the U.K. rather than simply the U.K.'s continued membership of the EEC. There may or may not be an element of truth in this. Mr. Healey, for instance, would be strengthened in his view about the indissolubility of the Scottish and U.K. economies by the recent opinion poll evidence of a market weakening in Scottish voters' conviction that self-government would be to Scotland's economic advantage. Only 32 per cent. of those questioned at the end of last month thought Scotland would soon be strong enough to be independent of the rest of Britain, compared with 49 per cent. in April, 1974.

On the other hand, the same poll (conducted by ORC and published in The Scotsman newspaper last week) also showed that there continues to be a strengthening (dramatically among the 18-44 age group) of those favouring a radical change in Scotland's relationship with Westminster. Of those questioned 47 per cent. favoured either a "federal" solution or outright independence, compared with 33 per cent. in April last year.

Significantly for the Nationalists, the proportion of electors favouring the status quo remained rock steady at 21 per cent., while there was a drop from 43 per cent. to 30 per cent. during the period in those who supported the devolution of limited powers to a directly- or indirectly-elected Scottish assembly, which has formed the basis of Labour and Tory devolution policy.

The truth is that we shall not know for sure what the Scots feel on this issue either until a general election, or the next by-election. Even then it may not be wholly clear. But in the meantime, the importance of the referendum is not that it provides incontestible proof of the Scottish will or otherwise for independence. It lies in the possibility that the vote will be seen that way at Westminster, with profound implications for policies which could have a crucial bearing on Scotland's perception of her place in the U.K.

Temptation

Already leading devolutionists (with studied joyfulness in the SNP and with some apprehension in the Labour Party) are noting the alacrity with which some senior members of the Government have implied that the referendum was for union and against separation. They are convinced that there is now a real danger that the whole impetus of the policy on a Scottish Assembly will be slowed down and that those who have opposed the policy, and in particular the still-undecided principle of transferring industry, employment and some taxation powers to such an assembly, will take the Scottish vote as an endorsement of their stance.

If this happened, and the devolution policy was seen to be badly botched, it could in the long run powerfully encourage the inexorable growth of the Scottish Nationalists. Unfortunately, this may not be an easy temptation to resist. There is a strong compulsion on the two major Westminster parties to extract as much short-term advantage as possible from the Scottish referendum result.

The Conservative Party — having lost 20 constituencies and 600,000 votes in the last 20 years, with eight seats falling to the SNP in the last two elections alone—has been exhilarated to find itself once again on a winning side. It imagines that its foot is now firmly back in the door, notably in those East and North-East seats whose loss was so shattering precisely because they used to represent such deep royal purple Conservative territory. They will be encouraged, also, by the pro-EEC support they found and helped to cultivate among the farmers and fishermen who they now hope have been prised loose from the SNP.

The Labour Party, too, whose anti-EEC majority (led by Scottish Secretary William Ross) has always been most uncomfortable about campaigning on the same side as the hated SNP, will probably quickly find it convenient to forget its own internal divisions and regard the result as a heavy defeat for the Nationalists. Even among those three dozen Labour-held constituencies where the SNP is in second place, there is likely to be a desire to put the devolution policy back in the melting pot. Their heart was never really in it, except as a means of meeting an SNP threat which they now have some grounds for supposing has diminished.

Reforms

On the face of it, the SNP has been hoist on its own petard. The party did insist on, and was reluctantly conceded, a seperate Scottish referendum count because it calculated that the expected Scottish "No" vote would dramatise the fact that Scotland was being dragged into the Common Market by England. This strong emotional platform is now not available to the SNP, which in any case has its own share of leaders and activists who are privately quite happy with the way the vote went.

Nevertheless, the SNP has now embarked on its post-referendum campaign for separate Scottish representation on the political institutions of the EEC. Using Scottish pride as the currency, it is challenging the pro-Europeans to join them in pressing for some long-overdue reforms to those institutions, to enable the Scots and others to have a greater direct influence.

The main focus of this campaign is now clear. The Party will argue that Scotland should have every right to take its place at the "top table" (which means the Council of Ministers) alongside other comparably-sized member nations like Denmark, Belgium and Eire, and that it cannot be content with the second-class status of a representative lobbying office in Brussels such as those used by the German Lander.

Paradoxically, the effectiveness of this campaign may not depend entirely on the extent to which Brussels does—as a fact rather than as a theory — replace Westminster in touching directly on the lives of Scottish people. With a mixture of realism and illogicality the Nationalists argue: first, that Scotland will now be regarded as "the sore thumb of Europe" requiring delicate treatment by any European politicians who ultimately value their North Sea Oil: second, that there will be a revulsion against the EEC when it becomes apparent to Scots what the adverse consequences are of "being governed from Brussels" without direct representation there: third, that even if there isn't a rebellion on those grounds, one will be caused by the harsh economic measures which Westminster is likely to have to institute shortly, whether or not these measures are atributable to the EEC. Of such stuff is Scottish politics now made.

Letters to the Editor

Electoral reform

From Mr. M. Gayford

Sir,—On June 7, 143 years ago, the great Reform Bill became law. The country is now drifting rapidly towards disaster. Reform of Parliament, the unions and company law is essential to avoid the possibility of a totalitarian state. Reform of Parliament must come first in order that a government may be elected representing over 50 per cent. of the people.

Parliament may not willingly reform itself for many of its members would lose their seats. As in 1832 therefore the impetus for reform must come from the electorate. The Electoral Reform Society has existed for many years. Now is the time for reform societies to be established in every constituency in the land.

Electors must not stand idly by. They must act quickly, decisively and in large numbers to establish a Parliament representing the will of the majority. The present Government received the votes of only 28 per cent. of those entitled to vote. Only a reformed Parliament will have power to act.

Michael Gayford.
"Periwinkle," Meols Drive, West Kirby, Wirral.

The Pensions Bill

From Mr. Kenneth Burton.

Sir,—Because of the technical complications and difficulties of the terms and conditions for contracting-out by employers who have sufficiently generous pension schemes of their own, little attention has been paid to the overall effects of the Social Security Pensions Bill.

What few employers yet appreciate is that, if continuing inflation drives the level of benefits far higher than that for which the employer has provided by his past contributions, to the extent that those benefits relate to contracted-out service, he will be immediately liable for making good any shortfall in the fund maintained for the scheme if at any time and for any reason he ceases to contract-out. Attempts have been made to find ways of limiting this liability, but the cost of taking advantage of those proposed by the Government would itself place a considerable burden on the employer, and there might still be difficulty in determining the amount of his contingent liability.

Private employers will, in these circumstances, be reluctant to contract-out. They will, however, be under pressure from their employees and those who represent them to do so in order to secure the considerable reduction in contributions towards basic scheme benefits which will result from their so doing. As the Bill at present stands, an employee currently paying a contribution of 5½ per cent. of his earnings will, once the Bill is in force and he is contracted-out, enjoy a net reduction in contribution of 1¼ per cent. of such earnings. If his own scheme is contributory, any contributions he makes to it will enjoy complete relief of tax, whereas contributions under the Government scheme are, and will be, paid out of income after tax.

At this late stage it is unlikely that anything can be done by way of radical recasting of the Bill. There are two aspects in regard to which change would still be possible.

First, despite all that the Government has said about relieving a substantial proportion of those of the present generation of pensioners of the need to rely on means-tested supplementary benefits, there is nothing in the Bill which in the short run will do anything at all towards giving such relief.

Secondly, what has not been fully brought out so far is the prolonged and considerable increase which is to be expected in future in contributions, expressed as a percentage of earnings, to the Government's scheme, as the additional component of benefits becomes payable to more and more pensioners. Ultimately, the level of contributions could be not much less than twice that contemplated at the outset, and presumably a large part of the increase must be expected to fall on employers, whether or not they have contracted-out.

Parliament still has the opportunity of modifying the Bill, and it could do so by using one-half of the increase in the contribution rates for which it provides at the outset to make a once-and-for-all increase in the flat-rate pension benefits of about 10 per cent., and by decreasing by one-half the rate of accrual of the additional component, and the corresponding reduction in the contribution rates in respect of those contracted-out. A change of this nature would simultaneously mitigate the contribution and taxation anomalies described above, and reduce both the future increases in contributions which will ultimately be payable and the risks to employers of contracting-out. It would also make a significant contribution towards removing from the elderly poor of to-day the need to have recourse to means-tested supplementary benefits.

Kenneth J. Burton,
Mount Cottage,
Hawk's Hill,
Fetcham,
Leatherhead,
Surrey.

Funds for industry

From Mr. D. C. Morris.

Sir,—It was not long ago in Britain and still is the case in many countries, that someone wanting to start manufacturing had to build a factory, buy the machinery and provide the working capital from his own pocket and what money he could borrow. To hear Mr. Wedgwood Benn one would think this still happened, and in case anyone believes that money going into property and finance companies is not going into productive manufacturing, let me explain.

Manufacturers can still build their own factories, warehouses and offices if they wish, but most of them rent what they require, when and where it's needed. They can usually obtain what they require without waiting 2-3 or 4 years while a site is bought, consents obtained and a building erected. This is because property companies provide these buildings and because people who have saved money invest it directly or indirectly in such companies. Others invest their savings with finance companies and banks who provide the capital for manufacturers to purchase machinery on HP arrangements or on lease.

Savings are being invested in manufacturing industry through vehicles created for that purpose. To hear Mr. Wedgwood Benn one would think property companies and finance houses were indulging in some sort of Bingo game taking place in outer space and starving manufacturers of finance. Nothing could be further from the truth, they are serving Britain very well indeed and many foreign manufacturers envy our sophisticated financial arrangements.

David G. Morris.
21 Soho Square, W1.

Cost of working capital

From Professor G. Lawson.

Sir,—With reference to the Lex Column of June 2 your readers may be interested to know that the original source of what you describe as "one of the best analyses yet of the impact of inflation on the corporate sector" is a paper by me entitled: "The Rationale for Measuring the Cost of Working Capital," copies of which are obtainable from Manchester Business School.

Professor G. H. Lawson,
Manchester Business School,
Booth Street West,
Manchester M15 6PB.

Engineering graduates

From Professor G. Rowe, Mr. H. Kaliszer and Mr. L. C. Whitteley

Sir,—We have read with interest the letter from Prof. Mair and others (May 21) concerning the current grave difficulty in obtaining suitable training for engineering undergraduates in British industry, as part of their honours degree courses.

In earlier years many firms have co-operated willingly and have taken much trouble to provide useful and interesting courses lasting about six weeks during the long vacations, recognising this as being an important investment in future standards of British engineering. Valuable contacts and important first impressions have often made, leading to mutually satisfying subsequent engagements.

The present financial situation clearly requires contracion in many areas, but we suggest that on a cost-benefit basis this inexpensive way of providing practical experience for future engineers is an important one to retain. If young graduates are deterred now, there will be a serious lack when the economy recovers and there is again a strong demand for British goods.

Any apparent lack of interest on the part of industry, now, is likely also to have a disastrous effect on young people still at school, when they make their decisions about the courses of study they will follow at university and the careers they will pursue. Perhaps the problem should be regarded as a national one, financed by industry as a whole instead of relying as now on the far-sighted enterprise of a few.

G. W. Rowe, H. Kaliszer,
L. C. Whiteley.
Department of Mechanical Engineering,
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Too few rich aunts

From Mr. A. Bythway.

Sir,—Owing to my being away on holiday, I have only just seen the letter from Professor Mair (May 21) and the rejoinder from Messrs. Beasant and Robson (June 3).

It may be of some comfort to Professor Mair to know that this is not a new problem arising solely from the current economic crisis; some 45 years ago, when I wanted to spend this short period in industry during my second-year long vacation, my father had great difficulty in persuading some close personal friends of his, who owned a small but high-class engineer firm, to take me for no pay whatsoever.

He succeeded, however, and a very real benefit I obtained was to realise how absolutely essential it would be that I should undergo a much longer period of "practical experience" before I could hope to obtain a worthwhile job in industry, even though my personal objective was a management job rather than a technical one, for which works experience might be thought to be more essential. Had I not been thus conditioned when the time came later to look for a job, I very much doubt whether I would have acted on advice that I should make every effort to borrow some money and embark on a two-year "student apprenticeship" with a well-known electrical group for which I got 30s per week for the first year and £2 per week for the second—which experience subsequently proved to have been absolutely invaluable.

The economic aspect of the whole problem to-day, of course, is different in at least two respects; on the one hand I doubt if any worthwhile firm is not prepared to pay a "student apprentice" at least a living wage if it takes him on for a period of two or three years' "practical experience." On the other it is obviously true that a much smaller proportion of present-day students have a relatively rich aunt from whom they could borrow sufficient to see them through even four to six weeks if they were prepared to do this for nothing, assuming Professor Mair and his colleagues are correct in thinking that the trivial amount of pay is really the only stumbling block at the moment. Nevertheless, compared with my day, there appear to be almost innumerable opportunities during the summer for students to earn relatively good money, in jobs usually quite irrelevant to their academic education, but at the same time an adequate substitute for my "rich aunt" as a source of sufficient finance to enable them to do the four to six weeks without pay.

Finally, I would just remind Messrs. Beasant and Robson that the graduate with two years' practical experience already exists in the "chartered engineer," if the potential employer takes the trouble to look for one who has obtained membership of his particular institute via a university degree.

A. S. Bythway.
71, Highsett,
Hills Road, Cambridge.

Forecasting techniques

From Mr. M. MacDonald.

Sir,—There is an error of fact in the comment concerning the new U.K. economic model being examined by the Bank of England (June 3); the error is in the statement that the incorporation of monetary variables "such as interest rates and the money supply . . . would add a new dimension to forecasting techniques."

Such variables have been included in the operating computer model for the U.K. economy run by Econtel since 1970. The inclusion of such variables, and also wages and prices, have made the Econtel model the most accurate in the United Kingdom.

It would seem that, as one had always suspected, the official forecasting methods and application are about five years or more behind the times despite the waste of taxpayers' money caused by official developments in several different bodies (Bank of England and Treasury, etc.) and in several different universities (subsidised by taxpayers indirectly).

M. C. MacDonald,
Econtel Research,
3, Heathcock Court,
Strand, W.C.2.

Tax-free interest

From Mr. P. Afia.

Sir,—Government Bonds with interest paid tax free are commonplace in the U.S. and some other countries. In this country the privilege is restricted to non-resident holders and I write to suggest that the time is ripe for the Treasury to take a fresh look at this aspect.

In addition to such a move providing a much-needed "shot-in-the-arm" to the current fund-raising efforts of the Government, is there not a strong moral case for extending some relief to exising bondholders? All political parties have declared their commitment to "social justice" and much has been done to assist the old, the infirm and the lower paid. Surely now, therefore, it is lacking in social justice for any Government to permit to suffer loss those careful savers in our community who have entrusted to them the fruits of their labour over many years.

This is not a plea for assistance for the large investment institutions (who presumably employ financial advisers) nor is it a request for indexation to be applied to all U.K. bond issues. It is a plea for the Treasury to seriously consider granting special tax relief on interest paid on individual personal holdings of U.K. bonds up to, say, a maximum holding of £10,000 all issues. Can a serious case be made for not doing so?

P. M. Afia.
15, West Heath Road, N.W.3.

Stock Exchange coverage

From Mr. B. Ridley.

Sir,—May I express wholehearted appreciation of Sir Michael Swan's remarks in the BBC World Service in "The World and U.K." on May 30. Although the Stock Exchange closes at 3.30 p.m. there was a time when the first inkling of what happened there was given at 22.25 GMT, so far as the overseas service was concerned. In Spain (and some other parts of Europe) local time is two hours ahead, so no city news was available until 12.25 a.m.!

Despite protests and appeals there was no change until pressure mounted so strongly that the BBC introduced a brief "Market Report" at 19.37 GMT. Since then, there has been a niggardly report, scheduled as three minutes, but in fact more generally down to two and a half, implying that more time cannot be spared, resulting in hasty reading or even omission of items normally included.

Anyone listening to the World Service around 19.15 GMT will hear: "Dum, dumpty-dum . . . this is Outlook . . . dum, dumpty-dum . . . coming to you from London . . . dum, dumpty-dum . . . we now have," etc. This fatuous interjacence absorbs time, and is one of many refutations of any implied claim that time is not available for an adequate stock market report, or even for the three minutes allocated.

B. Ridley.
"Monte Alegre,"
El Pinar,
Torremolinos,
Malaga,
Spain.

To-day's Events

PARLIAMENTARY BUSINESS

Parliament resumes after Spring Holiday recess and Prime Minister makes statement on Common Market referendum in House of Commons.

The Prime Minister's statement and Question Time will be broadcast on Radio 4, the start of an experimental period lasting one month.

Other Commons business. Second reading of Statutory Corporations (Financial Provisions) Bill. Motion to appoint a standing committee on regional affairs.

GENERAL

National and Local Government Officers' Association annual conference debates strike action over pay claim.

EEC Agricultural Ministers hold informal meeting, Dublin.

Dr. Kurt Waldheim, Secretary General of United Nations, begins visit to countries involved in Spanish Sahara dispute.

Queen opens north extension, National Gallery, London, 6.30 p.m.

OFFICIAL STATISTICS

Investment intentions of manufacturing, distributive and service industries for 1975 and 1976.

Hire purchase and other instalment credit business (April).

Final retail trade figures (April).

Wholesale price index numbers (May).

MUSIC

Philomena Mactae (piano) plays music by Ravel, Schumann, Schubert, Debussy, Mendelssohn and Chopin, at St. Lawrence Jewry next Guildhall, London, 1 p.m.

COMPANY RESULTS

Associated British Foods (full year).

Lonrho (half year).

COMPANY MEETINGS

See Week's Financial Diary on page 43

COMPANY NEWS + COMMENT

J. Sainsbury £28m. capital commitments

THE FOOD distributive industry has shown itself capable of enterprise and innovation and willing to invest, only to be handicapped by profit restriction and frustration by the refusal of so many planners to recognise the need of change, says Mr. J. D. Sainsbury, chairman of J. Sainsbury.

Nowhere is a change in attitude to approving proposals for new development more important than in relation to the recent announcement of the new joint company with British Home Stores to develop hypermarkets with minimum sales areas of 50,000 sq. ft.

Such stores, carrying a wider range of non-foods than in a supermarket, have, through their scale and location, substantial economies in operation which means considerably lower prices to the consumer right across the range of goods sold without any lowering of quality standards, says Mr. Sainsbury.

Turning to supermarkets, he says it is planned to open 17 during the current year, three of which will replace out-of-date supermarkets.

At March 8, 1975 (the financial year end) capital expenditure contracted for but not provided in the accounts amounted to £16m. (£14m.) and authorised but not contracted for was £12m. (£11.5).

Fixed assets appeared at £151.54m. (£132.63m.), and net assets totalled £142.37m. (£128.01m.).

As reported on May 8 group pre-tax profit increased from £13.62m. to £14.63m. in the past year, and the net dividend is 4.5p (4p) per share. There were 163 (153) supermarkets in operation with a total sales area of 1,836,000 (1,617,000) sq. ft.

Meeting, Connaught Rooms, W.C., July 2, noon.

● comment

The Sainsbury balance-sheet still represents an impressive display of strength, but the group's liquidity pressures are nonetheless mounting. Year-end net borrowings have risen from an eighth to almost a quarter of shareholders' funds, and the general earnings picture is for another sluggish time in 1975-76. Against this, group capital spending is staying high with Sainsbury keeping capacity extensions this year close on the average for the past four; last year group depreciation and retentions of £8.4m. compared with gross additions to fixed assets of over £24m., less disposals. Still, Sainsbury reckons it managed to keep its market shares moving upwards despite some obvious pockets of consumer resistance; the 1974-75 stock turn rose several percentage points to 13.3. At 178p a yield of 3.9 per cent. is very nearly twice covered.

F.C. Constructn.

WHEN BETTER times return, the directors of F. C. Construction (Holdings) should be in a position to expand the group in size and scope and to increase its profit potential, says the chairman, Mr. J. A. Drake.

Financial resources are sufficient to enable the company to weather the present recession and give a firm base from which to develop activities, he adds.

In common with the construction industry 1975 commenced with a reduced order book. But the directors are hopeful that with the wide range of services offered a reasonable level of activity will be maintained in the factories, and that further suitable work will be found for the construction company.

As reported on April 23 group pre-tax profit increased from £295,835 to a record £363,593 in 1974, and the dividend is 2.63p net (2.425p).

An analysis of turnover and profit shows civil engineering £2.39m. and £181,001; and pre-cast concrete £1.22m. and £121,928. Investment income contributed £60,468.

The company is not involved in the troubles relating to High Alumina Cement. The directors decided not to use that material 20 years ago.

Norwest-Holst owns 4.71 per cent. of the Ordinary in its own name and 19.86 per cent. held by nominees. Finsbury Pavement Nominees holds 10.35 per cent.

Meeting Derby, July 3, noon.

'Pleasing' start by Silentnight

TRADING results of Silentnight Holdings in the first two months of the current year have been "very pleasing," reports chairman Mr. Tom Clarke in his annual review.

Since the year-end one of the factories which was closed has been sold at a satisfactory profit, thus increasing cash flow and reducing interest charges, he adds.

The group's spring interior mattress, divan and headboard division continues to contribute the major portion of profits. The upholstery division showed a marked improvement in the last quarter of 1974/75, and the chairman says this trend has continued in the present year.

He reports it has been decided to stop depreciating freehold and and long leasehold land and buildings, involving a write-back of £114,864.

Overseas manufacturing units in East Africa had their best year to date but he warns that regional problems may make things difficult during 1975. The group has successfully penetrated several Middle East markets and increased effort will be applied to selling in Europe this year.

As reported on April 23 the group's pre-tax profit fell from £938,433 to £380,207 in the year ended February 1, 1975. Dividends are down from 3.15p to 2.1p net—a director and his family have waived £77,558 (£127,463) being part of their dividend entitlement.

In 1974 group manufacturing facilities were rationalised, aimed at bringing capacity into line with medium term consumer demand and releasing surplus funds and this began to influence favourably profit performance in the final quarter.

Meeting, Winchester House, EC, on June 27 at noon.

Reyrolle Parsons hopeful

AT THE meeting of Reyrolle Parsons, the chairman, Mr. J. B. Woodeson, recalled the indications in his annual statement that consolidation of the improved trading position should continue during 1975, and said performance for the first four months of this year supported that view.

If there were no significant disruptions to production, no industrial action or shortages of material, and no substantial technical difficulties, Mr. Woodeson felt confident of maintaining budgeted outputs and progress throughout the current year.

On liquidity, the chairman said it had been planned to maintain total borrowings at the level ruling at December 31, 1974, and present indications were that this could be achieved and perhaps improved on.

Mr. Woodeson concluded—"I think our prospects this year are still good. I think we have every chance of maintaining the progress we have made and there will be an improvement this year, subject to this national malaise of inflation preventing us getting export orders."

Hickson & Welch capital outlay

Hickson & Welch (Holdings) is maintaining its policy of continued capital investment.

Dr. T. Harrison, the chairman, says he believes that as a result capacity will be available to take advantage of the increase in demand when it arises.

As reported on June 5 group pre-tax profit increased from £1.75m. to £2.1m. in the half year to March 31, 1975.

The chemical industry, which represents the major source of profit, was affected by the downturn in demand, both at home and overseas. But because of the specialised products and the variety of outlets, trading overall held up well, although there was a reduction in volume in some product areas.

At present the chairman does not see any sign of a general improvement before the end of the financial year. Profit for the year to September 30, 1974, was £4.15m.

Better prospect for Selincourt

THE YEAR to January 31, 1975 of textile and clothing group Selincourt was the most difficult one in which the company has operated, says the chairman, Mr. R. A. Palfreyman.

Continuous efforts were made to combat problems of inflation or trying to anticipate exchange rates and price increases.

As reported on May 22, group pre-tax profit was unchanged at £1.72m. on a record turnover of £34.9m. (£29.25m.) including exports of over £2.8m.

Mr. Palfreyman says he is certain that Tricosa, of France, which incurred a loss of over £0.3m., will improve sharply this year, while there is no reason to expect any loss this year from MacDougall in Scotland, which suffered a substantial loss in 1974-1975.

Taylor Merrymade is pushing ahead with its expansion in its Marks and Spencer operation, and last year's excellent results of Frank Usher are being improved upon in the current year.

The drain on profit caused by inflationary pressures, high interest rates and depreciating sterling was mitigated to some extent by profits realised in buying in for cancellation loan stock to the value of £0.75m. Long-term borrowings were reduced by a sum approaching that amount.

Group net assets decreased from £13.35m. to £13.02m. Goodwill was reduced from £2.04m. to £1.76m., while stock increased from £8.89m. to £9.2m. Reserves were down from £4.03m. to £3.48m. reflecting a deficit on revaluation of properties of £0.74m.

Meeting, Dorchester Hotel, W., July 2, noon.

● comment

The Selincourt accounts confirm that last year's loss-makers are on the mend. But that apart, they do little to assuage shareholders whose tangible funds amounted to just £4.2m. (9½p a share) in January, against net group borrowings of £9.2m. The elimination of the trading losses could be worth £½m. to this year's gross cash-flow, and the French loss-maker (Tricosa) accounted for very nearly a fifth of turnover in 1974-75. At 8p the shares yield 14 per cent.; cover is 2.3.

J. Booth tops forecast

Group pre-tax profit of structural and welding engineers, John Booth and Sons (Bolton), increased to £141,983 for the year to March 31, 1975, compared with a forecast of similar to the previous year's £101,930. At halfway it was up from £36,045 to £51,595.

Stated earnings per 25p share rose from 4.24p to 5.59p, and the dividend is lifted from 1.38p to 1.5p net.

	1974-75	1973-74
	£	£
Turnover	5,545,398	3,465,878
Pre-tax profit	141,983	101,930
Taxation	87,089	57,942
Minorities	5,897	6,959
Balance	48,967	37,889

INDEX TO COMPANY HIGHLIGHTS

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Outlook at Scottish European

Stock markets are clearly looking beyond the immediate problems facing the European economies and are anticipating a resumption of economic growth later this year and in 1976, says Mr. P. W. Turcan, chairman of Scottish European Investment Company, in his annual review.

"We believe that this expectation is justified and that our recovery from the bear markets of the past two years will be continued," he adds.

Although its plans suffered a setback in the course of the past year, Scottish European has benefited from the recovery of the past few months, and is "reasonably optimistic" about the future.

The accounts reveal a greater concentration of investments than a year earlier, with the company's 20 largest holdings accounting for 67 per cent. of its total overseas portfolio, compared with only 32 per cent. previously. France, Holland and Germany, representing 24.8, 24.1 and 20.8 per cent. respectively of foreign holdings, are the markets in which Scottish European is mainly invested. In the smaller markets it has increased the proportion of its holdings in Belgium and Switzerland but has reduced it elsewhere, including North America.

Offsetting existing overseas loans of £8.5m., the company has cash deposits totalling £9.3m. of which £3.7m. is held in sterling and the balance overseas. Mr. Turcan points out that although this indicates a surplus of cash over loans an element of gearing is introduced by the effect of the dollar premium on the loan portfolio. The effective gearing of the company at the end of the year was about 15 per cent. During the year Scottish European repaid a substantial amount of its overseas loans, reducing its accumulated loan deficit in the process.

Net assets at the financial year end stood at £7.4m., equivalent to 49½p per share, against £11.2m. or 74½p per share a year earlier.

On May 16 it was reported that gross income dropped from £1.52m. to £1.38m. in the year to March 31, 1975. Dividends are up from 1p to 1.1p net.

Meeting, Edinburgh on July 4, at 2.30 p.m.

J. Harrison 'proceeding smoothly'

THE activities of James Harrison Holdings in public and private sector housing, and in manufactured joinery, are all proceeding smoothly, reports Mr. John Liddell, chairman, in his annual statement.

All major contracts undertaken by the group now allow for adjustments in price to meet fluctuations in the cost of labour and materials, "thus allowing for the attainment of reasonable profit levels."

The group's private housing developments are achieving sales at an "encouraging" level enabling a steady and economic building programme to be sustained, he adds.

As reported on May 17 pre-tax profit in 1974 more than trebled from £146,183 to £444,179 and dividends are up from 1.3125p to 1.3997p net. Mr. Liddell describes the year as "satisfactory," adding: ". . . even when the effect of the one large land sale, referred to in the last half-yearly statement, is extracted, the profit from trading shows a healthy improvement."

Short-term deposits at December 31, 1974, are shown at £202,911 (£75,000) and cash on hand £2,276 (£1,259). Bank overdraft amounted to £32,816 (£44,490).

On May 4, 1975, Mr. J. J. Harrisons had individual and family interests in 4.01m. shares. Meeting, Edinburgh, on June 27, at noon.

Second half recovery by C. Hill

AN IMPROVED second half has almost halved the pre-tax loss of Charles Hill of Bristol, shipbuilders, ship repairers and ship agents, from £273,957 to £153,755 for 1974.

The second six months saw the loss reduced from £323,000 to £6,000. At half-way, the directors said they had confidence in a recovery and expected a better second half.

The year's loss is struck after an interest charge of £85,749 (credit £108,819), and a contribution from associates of £19,161 (£25,414).

Loss per £1 share is shown to be 14.4p (19.5p), and a dividend recommendation of 2.6p net compares with 4.11p for 1973.

	1974	1973
	£	£
Turnover	13,233,738	11,359,677
Interest	85,749	*108,819
Share associates	19,161	25,414
Pre-tax loss	153,755	273,957
Tax*	31,954	98,811
Minorities	34,208	18,538
Extraord. credit	37,196	—
Attrib. loss	156,099	198,786

* Credit.

ISSUE NEWS

Offer for sale by Radio Orwell

AN OFFER for sale of shares in Radio Orwell, the independent commercial radio station for Ipswich, Suffolk, is to-day being made by Fitzwalter Wright, the East Anglian merchant bank. The offer seeks to raise some £230,000 through subscription for "units," each consisting of three Ordinary shares of £1 at par and one 7 per cent. Redeemable Preference share of £1, also at par.

A total of 57,333 Preference shares and 171,999 Ordinary shares is offered. Applicants must apply for a minimum of 25 "units," with the price payable in full on application, for which the closing time is 3 p.m. on June 18, or such later time as the directors may decide at their discretion, up to July 8.

Under an unusual arrangement, Fitzwalter Wright is to underwrite the subscription of 9,000 Preference and 27,000 Ordinary shares, approximately 16 per cent. of the whole offer, provided applications have been received and accepted in respect of 48,333 Preference and 145,000 Ordinary shares (some 84 per cent.).

To-day's offer for sale is advertised only in the local Press. Mr. William Jacob, managing director in charge of the Ipswich office, said this was because it was intended to attract local listeners to invest. No share quotation on the Stock Exchange was being sought.

Radio Orwell, one of the two competing companies, was granted the franchise last February subject to contract (the other was Suffolk Independent Radio). It intends to start broadcasting on VHF and medium wave by the late autumn. The chairman of the company is Mr. John Jacob.

This is the first public offer for sale that Fitzwalter Wright has handled.

NEW HIBERNIA

New Hibernia Investment Trust proposes to substitute one 6 per cent. Convertible Redeemable Cumulative Preference share for each £1 of 5 per cent. Convertible Unsecured Loan stock 1992-97.

BROWN BROTHERS

Brown Brothers Corporation has allotted 2,643,120 Ordinary shares on conversion of £594,702 of the 8½ per cent. Convertible Loan Stock, for which notices were received by May 31. The number of shares in issue is now 45,047,916.

STERN SCHEME MODIFIED

Modifications to the Scheme of Arrangement relating to a number of companies in the Stern Group, and corrections to the Explanatory Statement, are contained in a letter which has been sent to creditors by Mr. Kenneth Cock, of liquidators W. H. Cork, Gully and Co.

BIDS AND DEALS

Lion Intnl. £1.24m. assets sale

Lion International, a subsidiary of the J. H. Vavasseur Group, is to sell its feature film production and distribution interests—excluding the Shepperton Studios business—for £1.24m.

The interests are represented principally by British Lion Films and its subsidiaries, and the purchaser is a company controlled by Mr. Michael Deeley and Mr. Barry Spikings, present joint managing directors of BLF. Of the consideration, £841,000 is payable on completion, when £441,000 will be applied to Lion redeeming 735,000 of its 5.25 per cent. cumulative redeemable Preference shares (at 60p each) acquired by BLF from Vavasseur Group under terms of an agreement announced last month.

Of the remaining £400,000 consideration, all but £50,000 is payable by the end of 1976.

BLF's net tangible assets at end-1974 were £1.15m. and it incurred a loss of £388,000 after £292,000 write-offs in the nine months to end-December.

Lion will apply the proceeds to reducing borrowings and developing outdoor and cinema screen advertising and poster printing. It is proposed to change the name to Mills and Allen International to reflect the profits contribution of outdoor advertising interests.

At the same time, it has been announced that Mr. Jeremy Arnold has resigned as managing director of Lion International, but remains a director and consultant. He plans to devote the majority of his time in development of personal business interests. Mr. Clive Hollick, a director of Hambros Bank, will become acting managing director on Monday. Mr. Sam Allen, chairman of Mills and Allen, is joining the Lion Board.

JOREHAUT GROUP DEAL

Jorehaut Amgoorie Tea Estates and Jorehaut Holdings have agreed terms, subject to shareholders' approval, for the discharge of an outstanding loan of £205,346 due to Holdings from the Jorehaut Tea Company, a wholly owned subsidiary of Jorehaut Amgoorie.

Under the terms Holdings will subscribe at par for 205,346 Ordinary Jorehaut Amgoorie shares, cash obtained to be used to repay the loan to Holdings which has undertaken to make no further claims in respect of the loan and all outstanding interest thereon.

A-A ASPHALT —GLOSSOP

The Anglo American Asphalt Company has entered into a conditional contract for the sale of its wholly-owned subsidiaries, Johnson Brothers (Aylesford) and Anglo American Asphalt (Bitumens), plus certain other assets, to W. and J. Glossop.

The consideration will be 950,000 Glossop shares. Based on the net assets to be acquired, totalling £354,000, and comprising short leasehold land and buildings, plant and other normal trading assets and liabilities.

Johnson Brothers is engaged in surface dressing and civil engineering and Anglo American Asphalt (Bitumens) in the distribution of bituminous materials.

OFFER FOR HANOVER GRAND

A 46.5 per cent. stake in Hanover Grand, the catering, hotels and coach operating group, has been bought by Mr. J. Grant for a total £102,000 and he is to bid for remaining shares on the same terms—5p a share (par value).

The shares already bought appear to be the holding of Mr. C. L. Lewis, the Hanover Grand chairman. The total beneficial holding, including Mr. Lewis's, of the company's directors is some 2.22m. shares.

It seems unlikely that there will be many acceptances for the offer, given that Friday's closing price for the shares was 8p, up ½p.

Hanover Grand has just announced pre-tax profits down from £214,055 to £45,742 on sales of £2.64m. (£2.00m.) in 1974.

Mr. Grant intends to continue present activities.

CUSSONS RESULT

The increased and recommended offers made on behalf of Paterson, Zochonis and Co. for Cussons Group have been accepted as follows: Ordinary shares (fully-paid) 3,123,696 (55.46 per cent.), "A" Ordinary (fully-paid) 4,007,998 (71.16 per cent.), Ordinary (partly-paid) 36,850 (67.42 per cent.), and "A" Ordinary (partly-paid) 36,850 (67.42 per cent.).

Shares in Cussons in respect of which the cash offer has been accepted totalled 1,042,82[illegible], 1,193,870, 10,350 and 26,600 respectively.

The offers have become unconditional as to acceptances and will remain open until further notice. The cash offer has closed.

PATENT INDUSTRIAL SELLS B'HAM CHAIN

Patent Industrial Group has agreed to sell Birmingham Associated Chain for £159,000. Net tangible assets being disposed of have a book value of £96,000 and average net profits over the last three years of £24,000. The overall effect of the disposal will be to reduce group borrowings by £214,000, the directors say.

SHARE STAKES

Hield Brothers — Illingworth Morris has bought a further 125,000 Ordinary making its total holding 3,404,580 shares.

British and Commonwealth Shipping now holds 6,530,800 (28.64 per cent) Ordinary in the City Offices Co.

Pending Dividends

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
AD Intntl.	May 29	Final 5.6%	Howden Group	July 16	Final 16.6%
AVP Industs.	July 2	Final 5%	*Imperial Gp.	July 10	Int. 10.4%
Airfix	July 11	Final 12.4%	Initial Services	June 21	Final 13.7%
Allen (Edgar)	June 24	Final 9.9%	International Timber	July 10	Final 16.8%
Allied Breweries	June 24	Int. 5.5%	Jo'burg Cons. Group	June	Dividends
Anglo Amer. Group	June	Dividends	*Johnson Matthey	June 10	Final 3.424%
Anglo-Transvaal Group	June	Dividends	Keyser Ullmann	July 10	Final 22.3%
Arcuilaen Shanks	June 11	Final 24.7%	*Land Securities	June 17	Final 6.5%
Assoc. British Foods	June 9	Sec. int. 28%	*Lindustries	June 18	Int. 6.6%
Assoc. Newspapers	June 13	Final 15.95%	*Lloyd (F. H.)	June 18	Final 16%
Assoc. Television	June 26	Final 18.1%	Lloyds Bank	July 19	Int. 4.4%
Avon Rubber	June 18	Int. 4.2%	*Lond. and Nthn. Secs.	June 16	Final 11.7%
Barlow Rand Group	June	Dividends	*"LOFS"	June 25	Final 19.2%
Bassett (G.)	June 18	Final 18.1%	Macpherson (D.)	July 10	Int. 4.8%
Bath and Portland	July 8	Int. 6%	Maple Macowards	May 1	Final 11%
BOC Intntl.	June 12	Int. 4.9%	Mercury Securities	July 3	Final 16.4%
BPB Indusrs	June 26	Final 7.4%	Meyer (M. L.)	July 17	Final 6.5%
Brisiford (S. and W.)	June 19	Int. 12.4%	Midland Bank	July 19	Int. 6.3%
Brown (John)	June 26	Final 10.6%	*Minster Assets	June 11	Final 6.7%
Charrington Gardner	June 18	Final 10.6%	News Intnl.	June 28	Int. 20.3%
Chloride	June 18	Final 13.47%	*Pegler-Hattersley	June 11	Final 18.3%
Chubb	July 2	Final 15.8%	*Pilkington Bros.	June 13	Final 8.8%
Cohen 600	June 12	Final 9.4%	Racal Electronics	June 26	Final 11.1%
Combben	June 21	Final 35.1%	Rediffusion	June 26	Final 14.4%
Compair	June 18	Int. 6%	Renold	June 27	Final 8.5%
Concrete	July 16	Final 16%	*Rexmore	June 18	Final 14.8%
Corner House Group	June	Dividends	Richardsons Westgarth	July 16	Final 6.9%
Davis (G.)	June 18	Final 12.1%	Robinson [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Fields Group	June	Dividends	Trust Houses Forte	July 17	Int. 10.4%
GRA Property Trust	June 24	Final 11.5%	*Tunnel Bldgs.	June 12	Final 15%
Granada	July 2	Int. 7.1%	*UBM	June 12	Final 12.726%
Grand Metropolitan	June 13	Final 4.176%	Union Corpn. Group	June	Dividends
Gt. Universal Stores	July 18	Final 18.9%	Union Discount	July 17	Int. 7.3%
Guthrie Cpn.	June 12	Final due	Vaux Brews.	June 27	Final 12.6%
Hambros	June 12	Final 29.337%	Ward and Goldstone	July 8	Final 18.7%
Hargreaves	June 17	Final 8.5%	Warren Tea	May 28	Final 5.1%
Harrisons and Crosfield	June 10	Final 23.9%	*Woodhead (J.)	June 12	Final 20.5%
Henlys	June 26	Int. 13%			
Hill Samuel	June 10	Final 12.3%			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates weakened in the temporary field last week, and also lost ground in some, though not all, mortgage periods. The downward tendency was in line with that in the London money market as a whole.

Deposits at seven-days' notice with local authorities fell to 9¼-9½ per cent., from 9½-9¾ per cent., one-month deposits were reduced to 9¼-9½ per cent., from 9¾ per cent., and three-month to 9¾-10 per cent., from 9¾-10 per cent., while the one-year mortgage rate decreased to 11¾-12 per cent., from 12¼-12¾ per cent.

Public Works Loan Board rates were reduced, with effect from Saturday. Quota loan rates were cut by amounts ranging from ¼ per cent. to ½ per cent., and non-quota by amounts from ¼ per cent. to ½ per cent.

* Rate (%) June 6, 1975	
2 days' notice (deposit receipt)	8¾ — 9¼
7 days' notice (deposit receipt)	9¼ — 9½
7 days' notice after one month (deposit receipt)	9¼ — 9½
7 days' notice after three months (deposit receipt)	9¾ — 10
7 days' notice after six months (deposit receipt)	10¼ — 10½
Mortgage at one month's mutual notice after 11 months	11¾ — 12
Mortgage at one month's lender notice after 11 months nominal term 2-5 years	11¾ — 11¾‡†
2 years' mortgage	13¼ — 13¾
3 years' mortgage	13¾ — 14†
4 years' mortgage	14¼ — 14¼†
5 years' mortgage	14¼ — 14¾†
6-10 years' mortgage	n.a.
11-30 years' mortgage	n.a.

* Rates are for sums not less than £20,000 and are subject to local variations and fluctuations. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

(Effective from June 7, 1975)

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans Repaid By instalments	Non-quota loans Repaid At maturity
Up to 5	11	11	12¾	12¾
Over 5, up to 10	11	13	12¾	13¼
Over 10, up to 15	12	14¾	13¼	14¾
Over 15, up to 25	13¾	14¾	13¾	14¾
Over 25	14¼	14¾	14¾	15

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INTERNATIONAL COMPANY NEWS

Full merger likely of ELF/ERAP and SNPA interests

PARIS, June 8.

THE FORMAL merger of ELF/ERAP and its 51 per cent. subsidiary, Societe Nationale des Petroles d'Aquitaine (SNPA) could take place fairly soon, SNPA President Pierre Guillaumat said. He told a press conference this may be within a few months but Government approval will be needed and certain legal formalities will also have to be fulfilled first. The companies already operate as a group. But he conceded that the way to complete merger raised some problems, especially legal. The ELF-ERAP group already owns 51 per cent. of SNPA's Frs.494m. capital—the bulk of the remaining shares is held by the public.

An ERAP-SNPA merger would result in France's largest oil company, ahead of Cie. Francaise des Petroles (CFP). The Government controls CFP through a one-third interest in its Frs.1.069b. capital.

Elf-Aquitaine production director, Gilbert Rutman, said: "Aquitaine's own exploration investment this year should reach Frs.750m. (£528m.) This will be spent mainly in France (15 per cent.); Northern Europe (17.5 per cent.), Southern Europe (3 per cent.), Middle East 12 per cent.), Far East (11 per cent.), The Maghreb countries (12 per cent.), and U.S. (20 per cent.).

Elf/Aquitaine's chemicals director, Gen. Jean Fouchier said the chemical sector as a whole is facing its worst crisis since the war and working at only 60 per cent. of capacity with price competition increasingly tough. Turnover in the first four months of 1975 was 48 per cent. below that in the same period of 1974 he added.

M. Fouchier said SNPA's pharmaceutical interests, headed by the Sanofi holding concern, will probably take up fewer funds in 1975 and 1976 after marked expansion in the past two years.

In 1975 SNPA hopes to cover half its oil needs by its own production compared with only a quarter last year, and sales of crude are expected to produce a profit after a 1974 loss, he said.

Meanwhile Societe Metallurgique le Nickel (SLN), which is jointly controlled by SNPA and Imetal, is likely to make a loss of under Frs.100m. this year compared with a 1974 profit of Frs.4.5m. according to Elf-Aquitaine production director Gilbert Rutman. He said in one year the dollar has fallen from Frs.4.70 to Frs.4 and each 10 centime fall in the value of the U.S. unit represents a Frs.25m. loss for SLN.

As a result of the fall in the dollar and the drop in demand for nickel, principally from steelmakers, SLN is to cut 1975 nickel production to less than 60,000 tonnes (67,370). Meanwhile proposed investment in New Caledonia to raise production capacity to 85,000 tonnes (65,000) at a cost of Frs.68m. have been deferred due to the poor economic situation.

Reuter/AP-DJ

Warning of difficult year ahead for zinc

LIEGE, June 8.

SOCIETE des Mines et Fonderies de Zinc de la Vieille-Montagne SA plans to invest more than Frs.3bn. over the four years 1974-77 inclusive, chairman Max Nokin said. He told the annual meeting, in answer to shareholders' questions, that two projects which will have absolutely priority are the deepening of the company's zinc mines at Ammeberg, Sweden and construction of a roasting plant at Calais, France, with a capacity of 500 tonnes of raw ores per day.

Nokin said the current year will be bad, with no quick road to recovery. The sales situation remains mediocre with demand weak and factories running at about 75 per cent. of capacity.

Belgian wages are among the highest in the world, he said, adding that if trade unions insist on linking wages to the cost of living index the company may not be able to maintain its policy of full employment.

Nokin said the value of metal and other commodity stocks rose to Frs.2bn. in 1974 from Frs.500m. in 1973. Zinc stocks at the end of 1974 had risen to 146,000 tonnes from 124,000 at the end of 1973 and were valued at Frs.1.2bn. (Frs.929m.).

The 38 per cent. rise in 1974 turnover to Frs.10.4bn. was almost all due to increased zinc and lead prices, with zinc and zinc products accounting for 79 per cent. of the total, he added.

The company reported 1974 net profit of Frs.197.7m. (166.9m.) and the meeting approved a net dividend of Frs. 360.

Reuter

Binding cuts dividends

BY GUY HAWTIN

FRANKFURT, June 8.

THE FRANKFURT-based Binding Brauerei reports that output fell by 3.5 per cent. in 1974. The brewery's tiny 2 per cent. increase in turnover—from 1973's DM278.3m. to DM283.8m.—was entirely the result of price increases, according to the executive Board's report.

In line with the policy of paying dividends only on the basis of earnings, the Board is recommending cuts in both Ordinary and Preference dividends. Holders of Ordinary shares will receive 16 per cent., or DM8, per DM50 nominal share, while Preference holders will be paid 18 per cent., or DM9 per share. In 1973 the dividend on Ordinary shares was DM10, while on the newly-created Preference shares, which only qualified for second-half earnings, the dividend was DM5.50.

Binding plans to hold the beer price stable in 1975 and no price rises are planned. A heavy fall in demand has also been registered in the first five months of the current year and output is some 10 per cent. below last year's level. Demand had started falling off in the last half of 1974, but the executive Board hope that this will be remedied by the expected economic upturn and, naturally, an improvement in the weather.

Investment totalled DM37.2m. in 1974, compared with DM33.4m. the year before. Depreciation amounted to DM28.9m., compared with DM37.3m. Net profits nearly doubled from 1973's DM6.8m. to DM12.1m., while there was a slight decrease in distributed profits — from DM6.8m. in 1973 to DM6.2m. in 1974. However, in 1974 DM6m. was transferred to reserves—there was no such appropriation in the previous year.

Volvo may cut DAF output

BORN, THE NETHERLANDS, June 8.

VOLVO CAR B.V., makers of Dutch Daf passenger cars, might close its production facilities for July because the company's stocks have risen to a record 31,000 units.

The management will need official approval for the measures, since the Government will have to pay part of the costs of the production-suspension. The plant, which employs some 4,000 workers, has been on short hours since late 1973.

Volvo of Gotehorg, Sweden, in 1974 acquired a majority interest in the Dutch company.

AP-DJ

WORLD ECONOMIC INDICATORS
UNEMPLOYMENT INDICES

		April '75	March '75	Feb. '75	May '74
U.S.	'000	8,176	7,980		4,491
	per cent.	8.9	8.7		5.2
W. Germany	'000	1,087	1,114		457
	per cent.	4.7	4.9		2.1
France	'000	757	755	770	416
	per cent.	3.2	—	—	—
Holland	'000	193			117
	per cent.	4.7			2.9
		March '75	Feb. '75	Jan. '75	March '74
Japan	'000	1,120	1,080	990	900
	per cent.	2.2	2.1	2.0	1.7
		Jan. '75	Oct. '74	July '74	Jan. '74
Italy	'000	603	605	551	600
	per cent.	3.01	3.07	2.89	3.01

Working men's clubs in brewery merger

BY OUR NEWCASTLE CORRESPONDENT

THE NEWCASTLE-BASED Northern Clubs' Federation Brewery, owned by 600 working men's clubs in the North East, is to take over the Yorkshire Clubs' Brewery, which has recently been operating at only limited capacity.

The take-over, which will spread the operations of the Federation Brewery into Yorkshire and Lancashire, was agreed at the week-end by representatives of the federation's member clubs.

The brewery's turnover last year was more than £15m. For its last half year it has distributed £900,000 worth of dividends to member clubs. Its products are also sold in Coventry and Cornwall.

For each £1 of share capital, the Yorkshire clubs will be offered an equal stake in the Federation Brewery. Private shareholders will be offered investment facilities in the Newcastle brewery or repayment of their shares at face value.

Mr. Leslie Hutchison, secretary of the Federation said yesterday: "Over the past few years, support from clubs for the Yorkshire Brewery products has declined, and they are now selling more of our beer than their own. They are still sound financially but it is recognised that unless their facilities are merged, they will cease to exist."

FINANCIAL TIMES STOCK INDICES

	June 6	June 5	June 4	June 3	June 2	May 30	A year ago
Government Secs.	58.72	58.51	58.26	58.25	57.98	57.84	[illegible]
Fixed Interest	58.51	58.35	58.16	58.13	57.99	57.96	58.29
Industrial Ordinary	362.0	365.3	359.0	350.6	358.1	346.1	288.6
Gold Mines	389.0	392.9	414.4	413.2	410.0	429.0	306.8
Ord. Div. Yld. %	5.49	5.43	5.53	5.67	5.82	6.04	6.92
Earnings Yld. % (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dealings marked	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Int.	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Ord.	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]

S.E. ACTIVITY

	June 6	June 5
[illegible]	[illegible]	[illegible]

FT—ACTUARIES INDICES

	June 6	June 5	June 4	June 3	June 2	May 30	A year ago
Industrial Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500 Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Div. Yield %	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All-Share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consols yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnetts Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	11 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	10 %
Co-operative Bank	*9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11 %
Duncan Lawrie	9½%
English Transcont.	11 %
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	10 %
Grindlays Bank	9½%
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
Hawtin & Partners	13 %
■ Hill Samuel	10 %
C. Hoare & Co.	†9½%
Julian S. Hodge	11 %
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kingsnorth Securities	12 %
Lloyds Bank	9½%
London & European	11 %
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	11½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs	9½%
Royal Trust of Canada	10½%
E. S. Schwab	10½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	12 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11 %
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7¼%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7¼%.

INSURANCE BASE RATES

† Atlantic Assurance	11¾%
Cannon Assurance	9 %

† Address shown under Insurance and Property Bond table.

MINING NOTEBOOK

Western Mining hope for Great Boulder

BY LODESTAR

OUTSIDE the Haw Par-London Tin imbroglio the most intriguing bid situation in the mining market is that which is proposed by Western Mining to take over the 56.6 per cent. of Great Boulder which it does not already own. Details are still awaited. But there are some very involved problems.

One of the greatest is that Great Boulder in turn holds a 5.3 per cent. stake in Western Mining. This seems small in itself. But it involves quite a lot of shares. Some of them had previously been sold by Great Boulder for fund-raising purposes. Now this Western Australian nickel producer is in a lot of trouble owing to the losses being made by its Scotia and Carr Boyd nickel operations which it now owns 100 per cent. following the break-away from the North Kalgurli partnership.

Shareholdings

So presumably it would in due course have been trying to divest itself of still more Western Mining in what could well prove to be an unreceptive market in view of the recent downtrend in the demand for nickel. The prevention of such fresh share sales it is suggested in Australia could be one of the factors behind Western Mining's newly found eagerness to acquire the rest of Great Boulder.

True, Western Mining on a 100 per cent. ownership basis would have to divest itself of what would then become a holding in its own shares. But at least, it is suggested, this could be done in a selective rather than an enforced manner with a consequent less depressive influence on the Western Mining share price.

One thing about which Australian opinion seems to be resolved is that there will be no cash element in the bid for Great Boulder. The popular guess is that it will be at least a one for two share offer. On Friday in London Western Mining were 178p and Great Boulder 73p. So there is yet hope for shareholders in the latter company despite the disappointments involved in its formerly high nickel-mining hopes.

Although there has been the inevitable effect on gold share prices of the falling away in the investment currency premium, a risk which U.K. shareholders unfortunately have to take, at least Edinburgh brokers Bell, Lawrie, Macgregor and Co. have chalked up their first analytical success in that in mid-May they hoisted Buffelsfontein to the top of their weekly league table of best buys. And last week this General Mining Group gold and uranium producer came out with the only above estimate June dividend to date.

So it is worth while recording for the gold, and maybe the uranium, buffs that numbers two, three and four in this analytical exercise, which I praised so highly in this column on May 12, are Vaal Reefs, West Driefontein and Kloof. This next three in order are President Steyn, President Brand and Doornfontein. If this broker's computerised analyses do not prove right then it will certainly not be for want of trying.

The good news from Rhodesia for shareholders in Johannesburg Consolidated is that the group's Shangani nickel venture there is still reckoned to be on target for a start-up date towards the end of the third quarter of the current year.

The bad news is that the project is subject to the world-wide inflationary problem. This means the provision of more money. The first tranche involves £6m., our Salisbury correspondent reports, to be raised by way of a private placement of medium-term notes.

The sting in the tail is that further cost escalation could lead to the need for still more funds by means of a rights issue by Shangani Mining Corporation later this year.

Coal's new era

The world energy crisis has brought a new lease of life to the coal industry. Suddenly, coal finds itself in the "top of the pops" class in the minerals league. The oil companies, for instance, who are seeking new sources of energy have been taking a hard look at the potential of coal pending the eventual full fruition of nuclear power.

The huge coal expansion programme of Amax was no doubt a major attraction behind the proposed acquisition of a 19.8 per cent. stake in the U.S. company at a cost of some $333m. (£144m.) by Standard Oil of California.

And we have Kaiser Resources, which runs North America's biggest metallurgical coal mine, planning a further expansion. Having produced 6.27m. short tons of coal last year, Kaiser plans to increase output by 250,000 tons annually in the six years following the completion of its current expansion programme next year. Furthermore, studies are being made for a new mine which would have an annual production capacity of 1.5 to 2m. tons a year.

Utah's success

The American major, Utah International, recognised the coal potential of Eastern Australia several years ago. Utah International owns 90 per cent. of the Queensland coking coal producer Utah Development, the remaining 10 per cent. being held by the publicly quoted Utah Mining Australia.

So well is the operation going now that Utah Development has made a half-year net profit of $A42.2m. (£24.4m.) compared with only $A8.28m. in the corresponding period of the previous year. Utah Mining thus expects to pay a dividend later this month of 13 cents (7.5p) which compares with a single payment of 12.5 cents for the previous year.

The trouble is that the operation is doing rather too well in the sense that its rising profits have reminded the Australian politicians that it is overseas-controlled. Although Utah development pays its full share of tax — $A34.3m. for the past six months—Australia may increase her take by imposing an export tax on coal.

This, coupled with current negotiations for a further rise in the prices being paid by Japanese customers for high grade coking coal, is not going to hurt the competitive position of the South African producers.

The latter have now been given the long-awaited increase in the Government-controlled price for their sales on the domestic market. A rise of R1.15 brings the pithead price up to not much over R4 (£2.32) per tonne, depending the grade of coal.

South Africa's domestic coal can hardly be considered as expensive at this price, but at least the increase will help the industry to attract the finance required for the big expansion which lies ahead. It will also provide a useful increase in revenue for the General Mining, which group is responsible for about one-third of the Republic's coal production. Another beneficiary, of course, will be Transvaal Consolidated Land.

INSURANCE

Reinstatement after fire

BY OUR INSURANCE CORRESPONDENT

THREE WEEKS ago I reported that the majority of British fire insurers—certainly those on the company side of the market—had decided to modify the rigours of the long established condition of average in fire and perils policies issued on a reinstatement basis. The effect of this decision is that for any losses sustained under reinstatement policies on and after May 1, insurers will not apply the condition of average if the reinstatement sum insured is 85 per cent. or more of the full reinstatement value of the property at risk.

This gives the policyholder some protection for the margin of error that anyone other than an inspired guesser must run the risk of making, when trying to gauge the future pace of inflation and its effect on reinstatement cost. Incidentally, this modification of the condition of average does not cost the policyholder anything by way of additional premium, even though it must cost insurers an as yet incalculable amount by way of extra claims payments.

Reinstatement terms are offered by insurers only for cover on buildings, plant and machinery, not on stock in trade or other goods and merchandise in normal supply and which can be replaced immediately. So the modified condition of average does not apply to stock losses.

The modification does not absolve the policyholder from the continuing need, not just at renewal but through the year, to keep a watchful eye on the effect of inflation on his sums insured—but it does I think require less conscious effort on his part than does the new valuation linked scheme now offered by the tariff companies who are members of the Fire Offices Committee.

The policyholder has to divide his sum insured into two parts: firstly he must fix the base value, which is the estimate of current replacement cost at the inception of cover; secondly he must make inflation provision to deal with its effect both in the forthcoming year of insurance and for the estimated reinstatement period. The total of these two becomes the sum insured. As to premium, the policyholder pays insurers' full rate on the base value, but only 70 per cent. of that rate on the sum fixed on for inflation provision.

Suppose the base value is £1m.; suppose also that the policyholder reckons on 25 per cent. inflation through the immediate insurance year, 25 per cent. in the following year, and being an optimist reckons on inflation reducing by 5 per cent. to 20 per cent. thereafter. Because the effect of inflation is compound he must avoid simply adding 25 per cent. plus 25 per cent. plus 20 per cent.: what he needs as his inflation provision is £870,000.

A valuation linked policy can be arranged only on the basis of a professional valuation made by a member of the Royal Institute of Chartered Surveyors or other similar body. This valuation has to be made each year, which of itself must put many a policyholder to some extra expense, since it must be common practice fully in value every 2 or 3 years and in the meantime to alter sums insured by keeping an eye on the various indexes that record the effect of inflation on wages and prices.

One criticism already made of this valuation linked scheme is that the yardstick of reinstatement involves the maintenance of a set of values on a basis not used elsewhere in financial or management accounting, where normally present day or even historic values are used. But this criticism surely goes to the whole concept of reinstatement insurance, and cannot just be directed against this valuation linked scheme is record the effect of inflation on the valuation linked scheme.

Rather more valid, I feel, is that the element of guesswork is not eliminated from the calculation—who can say what inflation will be two or three years hence? To be on the safe side, and to guard against underinsurance the policyholder must inevitably over-estimate the rate of inflation, for with such a valuation linked scheme, the new modified condition of average will not apply and he will have to face the 100 per cent. rigour of the standard condition if he gets his sums wrong.

JOHN MOWLEM

Due to industrial action in the printing industry, the printing of the annual report of John Mowlem and Co., has been delayed. The date of the AGM has therefore been postponed until July 16. It is hoped to be possible to post the report on June 24.

London tea sales

At the tea sales held in London last week 44,030 packages sold realised an average price of 59.21p per kilo compared with 57.37p at the previous sale and against 60.53p a year ago. Plain tea was quoted at 37p.

	No. of kilos	Average per kilo
African Highland Prod.	77,417	60p
Amgoorie	7,905	59p
Assam Co.	27,393	62½p
Assam Dooars	4,643	53p
Assam Estates	15,910	62p
Assam Frontier	64,427	58p
Attaree Khat.	12,055	59p
Central Africa	21,507	56½p
Chubwa	25,961	57½p
Chulsa	[illegible]	55p
Cons. Estates	20,829	60½p
Cons. Tea and Lands	76,449	56½p
Dekhari	20,393	55p
Demodera	26,356	56p
Duckwari	15,107	56½p
Eastern Assam	17,294	61p
Jokai	35,148	57½p
Kanan Devan	75,500	59p
Kenya	37,967	64p
Luferi	48,839	55p
Moran	54,505	57½p
Nayabedde	20,904	61½p
New Dimbula	15,046	59p
Ouvah	25,281	56½p
Pabbojan	73,371	58½p
Spring Valley	5,369	59½p
Tanganyika	17,670	64p
Telbedde	10,378	60p
Tukvar	26,587	61p
Upper Assam	24,565	59½p

Stocks at May 30 amounted to 69,577 metric tons compared with 54,320 metric tons a year ago. Converted at 48.968 kilos per package.

Persian Gulf Oil tanker rates remain depressed

BY JAMES McDONALD, SHIPPING CORRESPONDENT

AN INCREASE in demand for tanker tonnage in the Persian Gulf last week brought little, or no, improvement to depressed freight rates.

One leading broker, John I. Jacobs, says in its weekly report that laid-up or idle tonnage at the end of May totalled 428 tankers, aggregating 29.2m. deadweight tons—well over 12 per cent. of the world tanker fleet. "Forty-seven of these vessels come within the VLCC (over 200,000-tons) category," adds Jacobs. "In addition to this there is some 5m. deadweight tons waiting in the Persian Gulf area." Also there is a further 41 combined "ore-oil" carriers, totalling 4.3m tons, laid-up.

Another London major broker, Lambert Brothers, says: "VLCC inquiry has remained slack with just one Scandinavian operator currently in the market for a prompt-loading VLCC.

"Although most observers do not expect any increase above the current level of Worldscale 15 it is felt in some quarters that, with such a high proportion of VLCC tonnage in the Persian Gulf—only partly-crewed—some slight premium may shortly have to be conceded to obtain suitably prompt tonnage."

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. (20p)	12		Gardiner Sons	11		Sheff. Refrshmt.	150	
Ash Spinning	36	−1	Gardiner L.	63	+5	Shiloh Spinn.	23	
Bertam	16		Graig Ship (£1)	470		Sindall Wm.	45	
Brady (G.) "A"	54		Hallam Sl. (10p)	9		Vincent H.	65	
Brewery Ind. (60p)	135		Higson Brew.	97		**IRISH**		
Clover Crdt.	35		Holt Joseph (25p)	180		Alliance Gas (£1)	55	−15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WEEKLY AVERAGES OF U.K. INDICES

Week to—	June 6	May 30	May 23	May 16
Financial Times				
Govt. Secs.	58.34	57.88	57.60	57.29
Fixed Interest	58.23	57.85	57.42	57.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F.T. Actuaries				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Good demand for new issues

BY PAULINE CLARK

ANTICIPATING further cuts in U.S. prime rates and also encouraged by reductions in bank rates in Japan and France, Eurobond prices in the secondary market have held up well this week despite a continuing flow of new issues. In the dollar sector, however, this is being attributed chiefly to a lack of selling, although high-coupon newer issues are in good demand.

A centre of special interest is the guilder foreign public issue sector, revived after 13 years hibernation by the recent Volvo Fl.50m. ten-year loan. The 8¾ per cent. bond, issued at par, was said to have been so heavily over-subscribed that a sizeable reduction in allotments would be made.

The Deutschemark sector, although active in the primary market, is otherwise rather more subdued at present, and causing few worires to the domestic bond market, which is responding well to easier credit terms in the country.

An expected fall in the volume of new foreign issues this month to a possible DM560m. (from DM610m. last month) is giving further confidence that the domestic market is in no danger just yet of being out-shone. In spite of the fall in domestic bond rates recently to eight per cent., the Bundesbank has shown no inclination so far to place limitations on foreign issues.

Meanwhile, the first Special Drawing Rights Eurobond introduced by Alusuisse is reported to have met such an enthusiastic response that the market is expecting further SDR appearances soon. The issue was doubly subscribed in just three days, indicating that Alusuisse may not have needed to be quite so generous with its 9¼ per cent. coupon.

Massey-Ferguson intends to float a $30m., seven-year note issue bearing 9.75 per cent. through a syndicate led by Lehman Bros.

Stinnes sees lower earnings

MUEHLHEIM, June 8.

HUGO STINNES expects 1975 profits to be below 1974's record figure, and is aiming for group profits around the 1973 level of DM30.8m., chairman Guenter Winkelmann said.

Turnover from January to April this year dropped overall by 2.1 per cent. to DM269bn. from DM2.75bn., but the fall was entirely on the domestic market, where income fell to DM2.29bn. from DM2.36bn. while exports rose to DM397m. from DM392m. he told the annual Press conference.

Group 1974 net profit rose to DM51.97 from DM30.76m. before a first time profit transfer of DM18.5m. to 99.1 per cent. owner Veba. Total 1974 sales rose to DM9.09bn. from DM6.46bn. of which DM8.48bn. (5.96bn.) to third parties. The 40.6 per cent. rise in 1974 turnover was aided by a 23 per cent. increase in prices and expansion of the group leaving in real terms only a 5 per cent. rise, Herr Winklemann said.

Stinnes thinks a rise in its current DM156m. capital through its parent company Veba is needed, as plant assets are currently only 58 per cent. covered by capital resources. Fixed asset 1975 investments will therefore be lowered from the original plans of around the 1974 level, he added.

Reuter

EEC approves steel venture

BRUSSELS, June 8.

THE COMMON Market Commission has authorised two EEC steelmakers to set up a joint subsidiary in France together with a Swiss company.

A Commission statement said that a project by the German company Korf Stahl of Baden-Baden and Sacilor-Acieries et Laminoirs de Lorraine of France to set up a subsidiary with Von Moos Acier of Lucerne did not run counter to EEC competition rules.

The new subsidiary, Acieries et Laminoirs du Rhin of Ottmarsheim, will have an annual production capacity of 450,000 tonnes of wire rod a year. It is due to start operating in 1976.

The Commission said that each partner in the new venture maintained its marketing independence and the agreements setting up the new company did not limit their freedom in other sectors.

Reuter

UBS foreign bank takeover

By John Wicks

ZURICH, June 8.

Working through its subsidiary Thesaurus Continentale Effektengesellschaft, of Zurich, the Union Bank of Switzerland has acquired from the foreign-owned Hydrocarbons International Holding, also of Zurich, a shareholding of 70 per cent. in the Banque de Commerce et de Placements, of Geneva.

The Italian-controlled Hydrocarbons International is said to have sold its stake in the Geneva bank for "reasons of business policy." At the end of 1973, the Banque de Commerce et de Placements had total assets of Sw.Frs.230m.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
June 6	67.91	170.62	839.64	82.62	22,230
5	67.76	168.72	842.15	82.82	21,610
4	67.89	162.92	839.96	83.01	24,900
3	67.79	162.79	846.14	82.37	26,560
2	67.85	169.04	846.61	80.71	28,240
May 30	67.82	167.85	852.29	79.62	22,670
29	67.21	165.72	815.00	78.64	16,570
28	67.25	165.64	817.04	77.45	21,250
27	67.55	166.99	826.11	77.45	17,060
23	67.89	167.98	831.90	77.17	17,870
22	67.90	166.87	818.91	77.23	17,610
21	67.94	166.42	816.62	77.17	15,640
20	67.85	168.22	830.49	78.05	15,310
19	67.96	163.66	837.69	78.16	17,870
16	67.95	165.80	837.61	78.16	16,630
15	67.64	170.59	848.80	78.86	27,690
1975 High	69.92 (4/4)	174.12 (5/5)	858.73 (14/5)	85.01 (4/6)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

May 30	May 27	May 31, 1974
4.65	4.65	4.58

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	June 6	June 5	June 4	June 3	June 2
49.35 (3/6)	37.06 (2/1)	49.10	49.28	49.24	49.35	49.16

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,842	712	711	419

	June 6	June 5	June 4	June 3	June 2
New Highs	162	155	198	221	201
Lows	2	5	8	5	6

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	June 6	June 5	June 4	June 3	June 2
90.71 (5/6)	62.20 (2/1)	90.69	90.71	90.64	90.61	89.50
Volume (000's)		3,290	3,180	3,180	3,400	3,980

U.S. STOCK INDICES STANDARD AND POORS

	*Industrials	†Composite
June 6	103.87	92.48
5	104.17	92.69
4	104.07	92.60
3	104.49	92.99
2	104.27	92.58
May 30	102.65	91.15
29	100.96	89.68
1975 High	104.49 (3/6)	92.99 (3/6)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 525 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	June 4 1975	May 29 1975	June 5 1974
Ind. Ord. yield pc	3.84	3.75	3.65
Ind. Ord. p/e ratio	11.28	10.45	11.12
Long-term Govt. Bds. per cent.	8.91	8.86	8.60

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Changes on day
Searle G.D.	357,400	19⅝	−1⅞
Coastal States Gas	319,600	10⅛	−⅞
Pan Amer. Air	292,800	4⅛	−⅛
TWA	252,100	8⅞	+⅛
Southern Co.	224,300	12⅞	+⅛
Glf. Life Hold.	218,600	8⅞	+⅛
Fed. Nat. Mort.	179,800	17⅞	−⅛
Amer. Airlines	138,500	7⅞	−⅛
Litton Industries	137,200	8⅞	−⅛
Control Data	126,500	22⅞	−⅛

TORONTO

INDUSTRIAL INDEX

June 6	June 5	1975 High	1975 Low
157.61	157.37	199.86 (14/3)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

June 6	June 5	1975 High	1975 Low
197.60	197.32	197.98 (14/3)	159.95 (2/1)

COMBINED INDEX

June 6	June 5	1975 High	1975 Low
190.83	190.94	191.92 (14/3)	156.62 (2/1)

JOHANNESBURG

	June 6	June 5	1974-75 High	1974-75 Low
Industrials	215.4	209.1	215.4 (6/6)	153.0 (23/1)
Golds	309.7	307.3	378.1 (3/1)	285.2 (15/4)

1958=100. Source: Rand Daily Mail. * 1974.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	June 6	May 29	May 23
On Dividends	7.02	7.13	7.58
On Earnings	13.49	13.67	14.44

SYDNEY ALL ORD. INDEX

June 6	June 5	High 1975	Low 1975
379.16	387.27	387.27 (5/6)	288.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

June 7	June 6	High 1975	Low 1975
329.71	329.82	332.96 (22/5)	268.24 (10/1)

HONG KONG INDEX ●

June 6	June 5	High 1975	Low 1975
336.84	332.55	336.84 (6/6)	160.44 (9/1)

SINGAPORE INDEX §

June 6	June 5	High 1975	Low 1975
289.70	280.96	268.69 (11/3)	155.36 (8/1)

EUROPE

	June 6	Previous	1975 High	1975 Low
Belg'm (a)	111.33	110.82	111.81 (16/6)	89.01 (2/1)
Denm'k (b)	91.14	90.64	91.14 (6/6)	73.06 (15/1)
France (d)	68.1	67.2	72.5 (23/4)	51.70 (2/1)
Germ'y (e)	678.6	669.1	726.1 (16/4)	573.6 (2/1)
Holland (f)	102.1	100.9	107.6 (6/6)	83.[illegible] (2/1)
Italy (g)	96.77	96.45	108.36 (21/2)	86.9[illegible] (8/1)
Spain (h)	101.52	101.19	110.96 (22/4)	96.98 (10/1)
Sweden (k)	364.58	368.93	378.65 (16/5)	310.[illegible] (8/1)
Swit'rl'd (m)	270.6	270.1	295.1 (6/6)	[illegible] (2/1)

Indices and base dates (all base values 100):—(a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December, 1953. (f) Amsterdam Industrial 1970. (g) Milan General 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (n) Unavailable. ● Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

Investment premium based on $2.60 per £1—60¼% (62¾%).

AUSTRALIAN WEEKLY LIST

TEL AVIV STOCK EXCHANGE

Source: Bank Leumi Le-Israel, Tel Aviv.

HONG KONG

SINGAPORE STOCKS

JOHANNESBURG

CANADIAN WEEKLY LIST

GERMANY ●

AMSTERDAM

MILAN

TOKYO ¶

Source Nikko Securities Tokyo.

BRUSSELS

PARIS

VIENNA

SWITZERLAND ●

SPAIN ▼

COPENHAGEN

STOCKHOLM

OSLO ●

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Money & Exchanges

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Short-term interest rates in the London money market continued to weaken last week. Although the one-month sterling certificate yield was little changed, at 9¼-⅜ per cent., against the previous 9⅛-9⅜ per cent., the three-month fell ¼ per cent. to 9⅞-9¾ per cent., and the 12-month 11-10⅞ per cent., from 11¼-11⅛ per cent. At the Treasury Bill tender, the average rate of discount was cut to 9.3986 per cent., from the previous 9.4459 per cent. Day-to-day credit was in mixed supply over the week, with the authorities making moderate loans on Monday to the Discount market at the Bank of England Minimum Lending Rate of 10 per cent., and buying moderate amounts of Treasury and local authority bills on Tuesday and Friday, while making no intervention on Wednesday, and selling a moderate amount of bills on Thursday.

Sterling strengthened against certain currencies last week—its trade-weighted average depreciation in terms of ten units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) narrowing on balance to 24.5 per cent., from 24.7 per cent. In terms of the U.S. dollar, the pound improved 45 points to $2.3205-$2.3215. The dollar's weighted fall since the Washington Agreement (as measured by *Morgan Guaranty*) widened to 7.05 per cent., from 6.93 per cent., while sterling's loss on a similar basis increased a shade, to 29.85 per cent., from 29.84 per cent. The downward tendency in international interest rates was continued, with the First National City Bank of New York reducing its prime lending rate to 6¾ per cent., from 7 per cent., and Japan announcing a cut in its Bank Rate to 8 per cent., from 8½ per cent., with effect from Saturday. The three-month forward pound was stronger against the dollar, however, strengthening to a discount of 2.65c, from one of 2.93c.

Gold fell $2¼ an ounce on balance in London to $164¾-$165¾. The Krugerrand ended in places at $194-$196 (£83½-£84½) in domestic business, against the previous $200-$202 (£86½-£87½), and at $169½-$171½ (£73-£74) in international, against $171½-$173½ (£74-£75).

EXCHANGE CROSS-RATES

June 6	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.3406-35	58 35-65	6 46 .47	5 43 .45	97 50 .70	93.75 95
N. York	42 63 66	—	24.86-0.90	2.757 8625	2.3205-3215	41 63 41.87	39.92 96
Paris	170 9 71.3	4.0017 .0117	—	11 4825-.4875	9 307 .3325	1.6 56 96	160 14-54
Brussels	14 29-.98	34 92 .97	7.79 .76	—	81.17-81.36	14.24 .50	13 97 14.02
London	5.43½ .44½	2.3205-.15	9.30½-.41¼	81 05 81 25	—	5 87 -56	5 79 .90
A'sterdam	102.475 .525	2.3987 .4012	59 83 .88	6 8705-.55	0.5755 .5805	—	96.165-.215
Zurich	106 53 .75	2.495 .498	62 24 .37	7.14s .160	5 805-.813	3 83 4.15	—

U.S.$ in Montreal. U.S.$=102.56-58 Canadian cents
Canadian $ in New York. $C1=97.48-50 U.S. cents. U.S. $ in Milan 623.10
Sterling in Milan 1449.50.

EURO-CURRENCY INTEREST RATES*

GOLD MARKET

	June 6 1975	June 5 1975
Gold bullion (a fine ounce)		
Close	$164¾-165¾	$164¾-165¾
Opening	$165¼-166¼	$164 165
Morning fix's	$165 25	$164 60
	£71.020	£70 972
Afternoon fix's	$165 25	$164.60
	(£70 968)	(£70.887)
Gold coins (domestically)		
Krugerrand	$194 196	$194-196
	(£83½ 84½)	(£83½ 84½)
New sov'r'gn	$60 62	$60 62
	(£25¾ 26¾)	(£25¾ 26¾)
Old sov'r'gn	$58 60	$58-60
	(£25-26)	(£25-26)
Gold coins (int'rat'n'aly)		
Krugerrand	$169½-171½	$169½-171½
	£73 74	£73-74
New sov'r'gn	$50½-51½	$50½-51½
	(£21¾-22¾)	(£21¾-22¾)
Old sov'r'gn	$50½-51½	$50½-51½
	(£21¾-22¾)	(£21¾-22¾)
$20 Eagles	$245 250	$245-250
$10 Eagles	$120-125	$120-125
$5 Eagles	$90-95	$90-95

FOREIGN EXCHANGES

June 6 1975	Bank Rates %	Market Rates: Day's Spread	Close
New York	6	2.3185-2.3230	2.3205-2.3215
Montreal	8¼	2.3785-2.3830	2.3800-2.3810
Amsterdam	6	5.56¼-5.59¼	5.57 5.58
†Brussels	6½	80.9-81.40	81.05-81.25
Copenh'gen	8	12.56-12.65	12.58½-12.59½
Frankfurt	4½	5.42½-5.45½	5.43½-5.44½
Lisbon	8½	56.20-56.60	56.35-56.50
Madrid	†7	128.25-129.00	128.51-128.5
Milan	7	1,445-1,450	1,448-1,449
Oslo	5½	11.37 11.41	11.37½-11.38½
Paris	9½	9.29½-9.32½	9.30½-9.31½
Stockholm	7	9.08-9.11	9.08½-9.09½
Tokyo	*8½	674-682	676½-678½
Vienna	6	38.30-38.70	38.40 38.60
Zurich	4½	5.78-5.81	5.78-5.80

† Basic discount. ‡ Rates given are for convertible francs: closing financial franc 84.80-84.95. * 8 per cent. from Saturday.

OTHER MARKETS

		Notes Rates	
Argentina	23.07-23.27*	Argentina	125-175
Australia	1.7289 1.7389	Austria	40½-42
Brazil	18.38-18.58	Belgium	82½-84½
Finland	8.18½-8.19½	Brazil	25.25
Greece	72.682-73.194	Canada	2.37-2.39
H'gKong	11.45-11.48	Denmark	12.50-.70
Iran	161.48-166.45	France	9.28-9.45
Kuwait	0.654-0.664	Germany	5.35-5.50
Luxemb'g	81.05-81.25	Greece	66½-68½
Malaysia	5.480-5.580	Italy	1,420-.45
N. Zealand	1.7435 1.7635	Japan	670-700
Saudi Arab	7.97-8.05	Nethr'l'ds	5.45-5.70
Singapore	5.235-5.275	Norway	11.30-.50
S. Africa	1.5743-1.5858	Portugal	56-58½
U.S. —		Spain	127-130
Canada —		Switz'l'nd	5.70-5.90
C$1=		U.S.	2.32-2.34
U.S. cents	97.48-97.51	Yugosl'la	37-40

‡ Based on rates quoted by specialist dealers. Other rates may be quoted elsewhere. ♥ Rates given are liable to sharp fluctuations. (x) Selling. * Rates given are for commercial market as June 4 (later rates unavailable): financial rates for June 4, 34.81-35.01.

FORWARD RATES

—	One Month	Three months
New York	0.90-0.80 c.pm	2.70-2.60 c.pm
Montreal	0 60 0.50 c.pm	2.00-1.90 c.pm
Amst'dam	3¾-2¾ c.pm	10-9 c.pm
Brussels	30-10 c.pm	90-80 c.pm
Cop'n'hgn	3-2 ore pm	12-9 ore pm
Frankfurt	3-2 pf. pm	8¾-7¾ pf pm
Lisbon	30 c. pm-30c.dis	90 c.pm-60 c.dis
Milan	2 lire pm-1 lire dis	3 lire pm-par
Oslo	1 ore pm-1 ore dis	4-2 ore pm
Paris	½ c.pm-½ c. dis	6-4 c.pm
Stockholm	1 ore pm-1 ore dis	3½-1½ ore pm
Vienna	30 gro pm-par	70-50 gro pm
Zurich	3¾-2¾ c.pm	10¾-9¾ c.pm

Six-month forward U.S. dollar 5.55-5.45c pm and 12-month 11.05-10.95c pm.

I.G. INDEX
GOLD 164¾-167¾

CORAL INDEX
Close 360-365

Base lending rates, Page 39

COMPANY NEWS

Fraser Ansbacher falls by £740,000

PROFITS OF Fraser Ansbacher, the merchant and investment banking group, showed a reduction from £1.2m. to £463,498 in the year ended March 31, 1975: this follows a first half downturn from an adjusted £729,000 to £340,000.

The profit was struck after heavier interest of £464,932 against £281,691. This interest refers largely to the cost of servicing borrowings in respect of its former shareholding in C. E. Heath and Co. This shareholding was sold in May, 1975, for a total consideration of £3.6m. reflecting a surplus over book value of some £230,000.

Profits before interest—£928,430 (£1.48m.)—comprises £702,000 derived from trading subsidiaries and £226,000 from associates, and does not include the profit arising from the sale of Cotrali, which is brought in as an extraordinary item.

After tax, minorities and taking in extraordinary items of £322,731 (£81,293 debit), the balance attributable to holders emerges at £465,602, against £521,783.

Extraordinary items comprise: surplus on book value on sale of Cotrali £850,177; loss on disposal of investments £84,037; prior year debit adjustment £3,409; provision against investment in R. Fraser Securities — not consolidated £290,000; and provision against investment in a non-banking subsidiary — not consolidated of £150,000.

Earnings per 10p share, excluding extraordinary items, are 0.35p (1.46p): and including those items 1.12p (1.26p). The dividend is 0.715p (0.7595p) net—equal to 1.1p gross (same).

	1974-75	1973-74
	£	£
Operating Profit	928,430	1,485,472
Interest	464,932	281,691
Profit before tax	463,498	1,203,781
Taxation	301,083	565,329
Net profit	162,415	638,452
Minority	19,344	35,376
Extraordinary Credits	322,731	*81,293
Attributable	465,602	521,783
To general reserve	—	150,476
Dividends	296,041	314,551
Retained	169,561	56,756

* Debits.

The directors say they have been successful in their declared policy of preserving assets. The balance-sheets are strong, with a continuing high liquidity, and provide a sound platform for cautious but progressive growth.

Accounts for the group's merchant banking subsidiary, Henry Ansbacher and Co., will show pre-tax profits to the order of £387,000 (£699,000) and earnings of £306,000 (1974: £546,000).

"Footings" have been reduced from £54m. to £41.9m., reflecting a reduction in deposits from £46.2m. to £35m. and loans from £22m. to £15m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—Durban Roodepoort Deep, East Rand Proprietary Mines.

Finals—Associated British Foods, Blyvooruitzicht Gold Mines, Carless Capel and Leonard, Chapman and Co. (Balham), Crosby House, Rowlinson Construction, Wace Group, Warnford Investments.

FUTURE DATES

Interims—

BOC International	June 12
Comet Radiovision Services	June 16
Lee (Arthur)	June 12
Turner Manufacturing	June 20
United Spring and Steel	June 19

Finals—

Cropper (James)	June 12
Cullens Stores	June 19
Dartmouth Investments	June 10
Dom Holdings	June 18
Elliott (B.)	June 26
Knott Mill	June 12
Minster Assets	June 11
Rexmore	June 18

TPG after divestment

After achieving its primary objective, by the translation of the majority of investments and related liabilities to Newman Industries for £325,000, Thomas Poole and Gladstone China plans a "new cycle of development," says Mr. Alan Bartlett, chairman, in his annual statement.

With the sale of investments to Newman Industries, the company will have the resources of a simple investment structure where the requisite resources are concentrated under professional management, he adds.

Through its 26 per cent. holding in Newman Industries, TPG retains a "significant interest in the future growth and development of the investments concerned."

Mr. Bartlett adds: "This present divestment intention, therefore, represents a stage in the holding cycle and an extension of the explicit policy of the company over the past few years.

"Upon completion of the divestment programme with Newman Industries, the Board intends to develop a second significant interest which, through the benefit of our experience, should require somewhat less time and financial support to develop to a comparable stage."

As already reported, pre-tax profit for the 21 months to December 31, 1974, as £195,074, against £183,785 for the year to March 31, 1973. No dividend is payable for the period, compared with 0.0651p net.

Overseas expansion for APG

Mr. P. Fatharly, chairman of Allied Polymer Group, told the meeting that exports and overseas expansion had been, and continued to be, the prime target for development.

The directors were in the process of establishing a joint venture operation in France and other overseas opportunities were under evaluation. North America was receiving "considerable" attention.

Mr. Fatharly reported "a great deal of progress" in restructuring the Australian companies, the benefits of which would become apparent as the Australian and Asian economies picked up. As in previous years the Australian companies would report a loss for the first six months of 1975, which should be recovered in the second half.

He added that, although conditions worldwide were the most difficult they had encountered, U.K. sales and profits were substantially better than this time last year.

The chairman said the directors continued to keep tight control on cash, and liquidity had improved since the year-end.

Newman Inds. growth plans

PLANS FOR a "unique shareholding structure" covering a group of associates are mentioned by Mr. A. Bartlett, chairman of Newman Industries, in a statement accompanying the 1974 report and accounts.

Mr. Bartlett says that the group's future undoubtedly lies in international trade. "We are firmly convinced that our policy of engineering marketing is both right and profitable. We need, however, technological resources beyond those which we can ourselves support. We need close association with companies whose strengths are complementary and capable of significant extension."

The next growth phase, therefore, is based on a corporate structure of associates where there are very considerable mutual commercial opportunities. This is to be achieved through the acquisition of a substantial proportion of the investment folio of Thomas Poole and Gladstone China.

In parallel with the exploitation of the international trading potential then made available, the group will endeavour to develop a unique shareholding structure whereby employees and shareholders of all the companies concerned will be able to participate in the policy determination and profit distribution of the new group, while still maintaining their respective responsibilities and contributions.

As reported on May 3, turnover expanded from £16m. to £25m. in 1974 and pre-tax profits more than trebled from £0.42m. to £1.6m.

An analysis of profit and turnover by division shows electrical and electronic £1.06m. and £14.75m., foundries £0.52m. and £6.85m., and general engineering £11,137 and £3.4m.

A geographical analysis of turnover shows N. America and Australasia £5.96m., other overseas countries £3.68m., and U.K. £15.36m.

During the year the asset position was strengthened both in regard to property, the valuation of which was brought up to date, and in the improvement to the working capital where net current assets rose from £979,100 to £2,679,879. The expansion in working capital required to support the significant increase in sales was achieved with an improvement in liquidity, "which is particularly remarkable in view of the impact of inflation during the course of the year."

On May 23, 1975, Thomas Poole and Gladstone China held 25.6 per cent. of the capital.

Meeting, Bristol on June 30 at noon.

Warning by Rowton Hotels

UNLESS occupancy of Rowton Hotels increases substantially, there will be a further reduction in trading profits in the current year, warns Mr. William B. Harris, chairman, in his annual statement.

But based on trading results so far, net income will be sufficient to maintain for 1975 the increased dividend of 4.691875p net recommended for 1974, he adds.

The present competition for the tourist business dictates the market price which the company can charge for its hotel rooms in London and it has no control over a "vast range of imponderables" the chairman points out.

As reported on May 10, pre-tax profit fell from £642,308 to £539,642 in 1974.

Meeting, London Park Hotel, S.E., on July 2 at noon.

Alliance & Dublin Gas pays less

Alliance and Dublin Consumers' Gas Company is paying a gross dividend of 7½ per cent. for 1974. This compares with a total of 10 per cent. (in two equal payments) for 1973.

Turnover increased from £7m. to £10.51m., while pre-tax profit was down from £466,000 to £399,000 after substantially heavier interest charges £322,000 (£61,000), and including share of associate profit £145,000 (£24,000).

Tax takes £161,000 (£152,000), leaving £238,000 against £314,000.

Intl. Combustion hopes to hold dividend

IN HIS annual statement, the chairman of International Combustion (Holdings), Mr. J. A. Talbot, says that in the current economic climate, accurate forecasting is difficult, but the directors hope to be able to maintain the present level of dividend distribution—0.65p net.

Although the group's funds are earning a reasonable return invested in the short term money market, the Board has given considerable thought to the future investment policy. A number of opportunities and possible acquisitions, some of which are still under investigation, have been examined.

As reported on May 22, taxable profits fell from an adjusted £1.43m. to £0.48m. in 1974 on turnover of £0.87m. (£0.92m.).

An analysis of turnover shows exports to Iran 6.6 per cent. (6.2 per cent.) and sales by overseas subsidiaries 93.4 per cent. (93.8 per cent.).

The completion of the composting plant supplied to the Municipality of Tehran has continued to occupy the resources of Nusoil. The difficulties in meeting the contractual obligation on this initial plant have proved to be much greater and more costly than could have been foreseen and are taking longer to overcome than was anticipated. Every effort is being made to ensure the early acceptance of the plant.

The 30 per cent. owned associated company, International Combustion Africa, has reported a considerable loss on its operations during the past year. Following an investigation certain management changes have taken place including the resignation of the Managing Director and the General Managers responsible for Finance and for Construction and Contracts.

Combustion Engineering Inc. of the U.S. holds 44.7 per cent. of the capital.

Meeting, Hotel Russell on June 30 at noon.

Rush and Tompkins

At the AGM of Rush and Tompkins Group the chairman Mr. D. J. Palmar referred to his annual statement in which he said there was little doubt that 1975 would prove to be yet another difficult year for the company. Events during the first few months of the year had confirmed this was likely to be the case, he told members.

However, there were a few "straws in the wind" that, while they might not have much effect in 1975, indicated more progress being made in 1976.

Building companies in the last three months had obtained over £10m. of new orders on which work had already started or will do so during the next month or so.

The civil engineering company had also had its successes and although its business was on a somewhat smaller scale it had a greater forward workload for 1976 than ever before at this time in the year. The improved trend in the homes company was continuing.

As reported on April 18 group pre-tax profit increased from £0.68m. to £0.88m. in 1974 and the dividend is raised from 2.815p to 3.057p net.

An analysis of turnover and profit shows general construction and housing £18.66m. (£13.85m.) and £814,210 (£679,820), property investment £89,542 (£13,305) and £63,267 (£880).

Accounts adjusted for inflation shown on CPP basis profit £734,000 (£682,000), earnings per share 7p (8p) and net assets per 25p share 55p (58p).

A statement of source and application of funds shows an increase in net liquid funds of £464,000 (£285,000).

Meeting, Glasgow, June 30, noon.

Highgate Optical confident

In the medium to long term, Sir Douglas Clague, chairman of Highgate Optical and Industrial Company, has every confidence in the prosperity of the company.

A new entry into certain export markets in developing countries is planned, the new photographic range is selling excellently, "and we have a lean and efficient operation which will acquit itself well in the troubled period which may lie ahead," he declares.

The directors are not unduly distressed by the high rate of VAT on binoculars, radio and photographic equipment. Sir Douglas points out that spectacle frame sales are 30 per cent. ahead of 1974 in the year to date.

As reported on May 24 group pre-tax profit for 1974 was £221,993 (£213,325) and the dividend is 1.8506p (1.6825p) net per share.

In the U.K. optical equipment contributed 39.8 per cent. of turnover and £205,688 profit, and audio equipment 12.22 per cent. and £24,739. In France optical equipment contribution to turnover was 27.98 per cent. and there was a loss of £8,439.

Deficit at Hawley-Goodall

Manufacturers of camping equipment etc., Hawley-Goodall Group, incurred a loss of £98,742 in 1974 compared with a profit of £43,811 previously—at midway there was a profit of £24,343 (£19,874). Turnover rose from £1.05m. to £1.11m.

There is no Ordinary dividend compared with 0.1p net last time, and the June 1975 preference dividend payment is to be deferred.

	1974	1973
	£	£
Turnover	1,112,000	1,048,584
Trading loss	70,642	*43,811
Exceptional debits	28,100	—
Group loss	98,742	*43,811
Taxation	—	18,130
Pref. dividends	3,446	4,329
Ordinary	—	4,404

* Profit.

The directors say that several major factors contributed to the loss position, most of them non-recurring.

A complete review of group problems showed that only the camping subsidiary had been generating profit over the past few years and that even in this area turnover in real terms had been declining rapidly. To put the group on a more viable basis has required investment in management ability at senior levels in subsidiaries and central accounts.

The oil crisis, miners' strike and three-day week, followed by the worst summer for ten years resulted in a loss for camping—the group's only source of profit.

Other major factors were stock provisions of £28,100 in respect of two exceptional items; approximately £12,000 higher bank interest charges, marketing and promotional expenses consequent upon the change of name to "Hawley-Goodall," and the opening of two new sports shops.

Camping sales to April 30, 1975 show an increase over the same period last year. Manufactured products are over 50 per cent. ahead, and sports sales to April 30 are 53 per cent. up on the same period last year.

Melville Dundas—strong finances

MR. H. A. WHITSON, chairman of Melville Dundas and Whitson, says the group is in a strong financial position, which the directors will continue to do their utmost to maintain and improve.

The order book of the parent remains satisfactory, but it would be unrealistic to expect much increase, other than inflationary, in turnover during the current year, he adds.

M.D.W. Developments' plans have moved steadily ahead, and this side of the business will be expanded as opportunity and finance permit, though the incidence of legislation in this field hardly encourages the confidence on which investment so largely depends.

As to James Y. Keanie, the chairman says provided its stock of completed houses can be sold during the current year, income from this source should at last make some contribution to profits.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
To-day	Minicomputer Exhibition (cl. June 11)	Regent Centre Hotel, W.1
To-day	Small Part Production Exhibition (cl. June 13)	Birmingham
June 10—11	EIA Engineering Exhibition	Southend
June 10—12	Print Fair	Cunard Intnl. Htl., W.6
June 11—21	Grosvenor House Antiques Fair	Grosvenor House, W.1
June 10—13	Italian Gifts and Fancy Goods Exhibition	Italian Trade Centre, W.1
June 16—17	Provincial Booksellers' Monthly Fair	Kenilworth Hotel, W.C.1
June 17—20	Royal Highland Show	Edinburgh
June 17—20	Microforum International Exhibition	West Centre Hotel, W.6
June 22—26	Contract Furnishing and Interior Design	Olympia
June 23—27	Intnl. Film Technology Exhibition and Conference	Royal Lancaster Hotel, W.2
June 23—27	Euro. Assn. of Radiology Tech. Exbn. and Cong.	Edinburgh
June 25—26	Royal Norfolk Agricultural Show	Norwich
June 30—July 3	Royal Agricultural Show	Kenilworth, Warwicks.
July 1—3	Electronics Exhibition	Leeds University
July 8—9	Business '75 Exhibition	Middlesbrough
July 8—10	Great Yorkshire Agricultural Show	Harrogate
July 8—11	Intnl. Audio-Visual Aids Exbn. and Conf.	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Fair (cl. June 12)	Barcelona
Current	Sewage & Refuse Engineering Exbn. (cl. June 12)	Munich
Current	Technical Goods Fair (cl. June 17)	Poznan
To-day	Plastics Show of Canada (cl. June 13)	Toronto
June 10—13	Hospital Equipment Exhibition	Dusseldorf
June 11—22	International Fair	Lisbon
June 16—22	Laboratory Equipment and Medical Aids Exbns.	Zagreb
June 17—20	International Knitwear Exhibition	Milan
June 17—21	Brit. Export Centre: Camping and Leisure Exbn.	Tokyo
June 17—21	International Education Exhibition	Melbourne
June 17—26	European Machine Tool Exhibition	Paris
June 18—23	International Art Fair	Basle
June 19—22	International Pharmacists' Exhibition	Basle
June 20—24	Music Industry Trade Show	Chicago
June 20—25	Building Materials and Pre-Fabrication Fair	Tehran
June 23—27	International Packaging Exhibition	Brno
June 24—27	Opto-Electronic Systems Exhibition	Munich
June 24—28	Irish Cleaning and Maintenance Exhibition	Dublin
June 24—July 6	Housing and Public Works Exhibition	Naples
July 1—8	International Saba Saba Trade Fair	Dar es Salaam
July 3	Zambia Trade Fair	Ndola
July 4—5	Glazing and Window Frame Exhibition	Stuttgart
July 4—13	Food and Agricultural Machinery Exhibition	Sao Paulo
July 8—17	Intnl. Fire Engineering Exhibition	Moscow

BUSINESS AND MANAGEMENT CONFERENCES

Current	Lond. Grad. Bus. Sch. Corporate Fin. (cl. June 23)	Sussex Place, N.W.1
Current	Ashridge Man Coll.: Management Dev. (cl. June 27)	Berkhamsted, Herts.
To-day	Coopers and Lybrand: Implementing Equal Pay	Glasgow
To-day	Brunel University: *Decision Analysis (cl. June 13)*	*Uxbridge, Middlesex*
June 10	Turret Press: Animal Feed Comp'nding—New Leg.	Mount Royal Hotel, W.1.
June 10	Inst. Works Man.: Health and Safety at Work	Birmingham
June 10—11	Coventry MTC: Industrial Relations	Coventry
June 10—12	*Brit. Waterways Board: Freightwaves '75 Conf.*	*World Trade Centre, E.1*
June 11	Henley Centre: Britain to 1985	82, New Cavendish St., W.1.
June 11—13	Urwick Man.: Conditions of Contract (ICE)	Beaconsfield, Bucks.
June 11—14	Strategic Man.: Integrated Marketing	Whateley Hall, Banbury
June 12	N.E. Admin. Man.: The Effective Executive	Newcastle upon Tyne
June 14	Goldsmiths' Coll.: Oceanography Conference	Goldsmiths' College, S.E.14
June 16—20	PE Cons. Group: Leadership in Management	Egham, Surrey
June 17	Euro. Study Confs.: Employment Protection Bill	Manchester
June 17	International Insider: Eurocurrency Lending	London Press Centre
June 18—20	Direct Mail Assn. Annual Conference	Amsterdam
June 19—20	Financial Times, Straits Times, British Airways, Cathay Pacific Airways and Fairplay International Shipping Weekly: South East Asia Shipping	Singapore
June 19—20	Fulmer Res. Inst.: RPD Planning and Design	Slough, Bucks.
June 23—28	Bradford Univ.: Marketing and Logistics Planning	Heaton Mount, Bradford
June 24	Guardian Bus. Serv.: Understanding Com. Contracts	Hyde Park Hotel, S.W.1
June 24—26	FT Man. Serv.: Int. Auditing and Man. Systems	London
June 25	IPC Bus. & Ind. Trng.: Meat Alternative	Cafe Royal, W.1
June 25	Inst. of Marketing: Management by Commitment	London Tara Hotel, W.8
June 25	Chatham House: The International Credit War	RIIA, 10, St James's Sq., SW1
June 25—26	Marylebone Press: Recycling and Waste Exchange	Palace Hotel, Buxton
June 30—July 1	Computer Power: Advanced Filetab	Cannock, Staffs.
June 30—July 1	Strategic Man.: Creativity and Innovation	London Bus. School, N.W.1
June 30—July 2	South Wales Inst. Eng.: Materials Conservation	Cardiff
June 30—July 2	Dunchurch College: Export Management	Dunchurch, near Rugby
July 3	Staniland Hall: Outlook for Leisure to 1980	London Hilton, W.1.
July 8	BACIE: Television in Training	Goldsmiths' College, S.E.14

THE JOBS COLUMN

Professor shows them how

BY MICHAEL DIXON

MORE than £12,000-a-year plus bonus on profits is being offered for a new managing director at Gateshead-based Laws Stores. And thereby hangs a tale:—

This food-retailing company with supermarkets in the North-East, Scotland and Yorkshire belongs to the family of Professor Grigor McClelland, director of Manchester Business School since it was set up a decade ago. Although he was managing director of the company before returning to academic life, the tall, studious Grigor McClelland's image in the management education world has been much more that of the scholar than the practical business man, and lately his involvement with his family firm was largely confined to a two-day visit in each quarterly accounting period.

Last autumn Laws Stores ran into problems. The existing management team tried to overcome them by a change of policy. Prices were dropped. Sales increased. But not sufficiently.

On November 30, Professor McClelland realised he would have to take control himself. He got leave of absence from the business school, and took over the managing directorship in Gateshead on December 23.

"I just grabbed the steering wheel," he explains, "and a number of the existing senior people had to go. This seemed later to release a gratifying amount of energy from what was *formerly the second echelon.*

"Then I went round the shops talking to people in a great deal of detail. I found, for example, that control systems which we had had when I ran the company years previously had since slipped. So we reinstated them.

"Managers' view of the situation they are in can easily be distorted—in this case by rumours that we were going to close the company down. So to clarify my own view I talked to customers as well as employees. *This enabled me to go to our* top executives and say I knew that on such a date a particular store was not stocking certain goods we had advertised.

"It was depressing at first, poking around and every day finding things going wrong. But my confidence grew rapidly. At Manchester Business School we put emphasis on considering the *company* as a whole, deriving from that objectives and policies to achieve them — policies designed so that they can be *implemented.*

"I proceeded in that way, and soon saw that the more things I found going wrong, the *better I ought to be pleased.* This was because I needed to find enough wrongs which, when put right, would mean gains of *so many* hundreds of thousands of pounds.

"Having made my evaluation, I sorted out the important measures *into a profit-improvement* programme which we can implement."

In this way Professor McClelland *turned the business* round. The 1,500-employee company now has a turnover rate approaching £25m. and is looking for expansion with a view to going public in five or ten years' time. This development will be the principal task for the 32- to 49-year-old articulate decision-maker, who has successfully held responsibility for profits and knows retailing, now being sought for the managing directorship.

While retaining the chairmanship of Laws Stores, Grigor McClelland is returning in October to direct Manchester Business School. What new thoughts will he take back with him?

"*Well,*" he says, "management education tends to concern itself with making the best practice better. But in this situation and I think in many business situations, the problem was advancing from a low level of sensibleness to a reasonable level. So perhaps greater emphasis should be placed on just getting people with common*sense into positions where they* can pull the levers.

"Where control systems are concerned, management education tends to think of achieving sophisticated discrimination. But I think now that what needs attention is control systems which provide quick feedback and ensure that action is taken.

"In short, things which might seem to an academic to be small considerations, are often the important ones."

By the way, although Laws Stores finance director, Andrew Gunn, is one of the Manchester School's first business graduates, the new M.D. will not necessarily have to have a degree. "These past months," Professor McClelland adds, "I have been extremely impressed by a number of people who have got what it takes to succeed but left school by the age of 18 largely because they were browned off *with* the education system. I think that's an important reflection on our school sixth-forms and the image of our universities."

Hear, Hear!

Applications via John Cuthbertson of McLintock Mann and Whinney Murray Management Services (95 Southwark St., London SE1 0JA. Tel. 01-928 0444).

APPOINTMENTS

EMI divisional posts

Mr. Jon H. Chaplin, company secretary, and Mr. John F. Willsher, director of operations—com*mercial electronics,* have been appointed divisional directors of EMI.

Mr. Chaplin joined EMI as deputy secretary in 1971 and was appointed company secretary in July 1974. Mr. Willsher joined EMI in 1972 as director—EMI Sound Products and was *appointed director of operations* —commercial electronics in November 1973.

★

Mr. David Edwards has been appointed to the newly created post of controller, management information and control system in *NATIONAL WESTMINSTER* BANK'S financial control division. He has been senior assistant area manager of the bank's Hyde Park area since 1973.

★

Mr. D. W. Edge has joined the main Board of the ULSTER BANK. Mr. Edge is treasurer, domestic banking division, National Westminster Bank, the parent company of Ulster Bank, and is responsible for the group's money market operations.

★

Mr. Oliver Atkins has been appointed a divisional general manager of BARCLAYS BANK TRUST COMPANY. He was previously an assistant general manager.

★

Mr. A. B. Munyama has been appointed non-executive chairman of BARCLAYS BANK OF Zambia.

★

Mr. B. E. Sturgess has resigned from the Board of the ROYAL TRUST COMPANY OF CANADA, a subsidiary of The Royal Trust Company, Montreal. He will be replaced as managing director by Mr. C. F. Ransom.

★

Mr. Jeremy Arnold has resigned as managing director of LION INTERNATIONAL. He remains a director of and consultant to the group but will now be devoting the majority of his time to the development of personal business interests. Mr. Arnold has resigned from the Boards of all the subsidiary companies of Lion.

Mr. Clive Hollick, managing director of J. H. Vavasseur Group, has been appointed acting managing director. Mr. Sam Allen, chairman of Mills and Allen, has joined the Board.

★

Mr. I. D. Sneddon, a vice-president of the company, joins the Royal Trust Company of Canada Board, and will additionally oversee Royal Trust operations in Jersey, Guernsey and Ireland.

U.K. REVENUE

Consolidated Fund	Budget estim'te 1975-76	Apr. 1 to May 31, 1975	Apr. 1 to May 31, 1974
Revenue—	£m.	£m.	£m.
Inland Revenue	17,078	2,621.7	1,826.2
Customs & Excise	9,000	1,500.0	1,180.2
Motor Duties	773	129.5	102.3
Selective Empl. Tax	—	—	—
Br'cast Rec. Lic.	234	32.8	22.9
Interest & Divs.	145	44.6	32.7
Other	880	215.1	41.5
Total Rev.	28,110	4,543.6	3,214.8
Expenditure—			
Supply Services	28,729	4,849.5	3,364.2
Nat. Debt Service—paym'ts to N.L.F.	1,245	102.0	86.4
To Nthn. Ireland	484	83.7	70.7
Payments to Europ. Comm's	388	64.7	42.2
Conting. Fund	—	15.0	—89.0
Other Services	18	3.7	5.3
Total Expend.	30,858	5,118.6	3,439.7
Surplus transferred to Nat. Lns. Fd.	—	—	—
Deficit met from N.L.F.	2,748	575.0	224.9
NATIONAL LOANS FUND			
Receipts— Interest, etc.	2,405	328.7	391.1
Nat. Debt Service balance met from Con. Fund	1,245	102.0	86.4
Surplus from Con. Fund	—	—	—
Death Duties Surrendered Secs.			
Acc. — Transfer of Surplus	—	—	—
Exch. Eq. Acc. Sterling Cap.	—	350.0	—350.0
Borrowing	4,633	967.2	617.1
Opening balance April 1	—	2.1	1.9
Total	8,283	1,750.0	686.5
Payments— Nat. Debt. int.	3,870	418.1	306.2
Nat. Debt. management and expenses	80	12.6	12.7
Consol Fd. Deficit met from N.L.F.	2,748	575.0	224.9
Loans (net)	1,585	742.4	141.8
IMF m'ntenance & holding	—	—	—
Closing bal.	—	1.9	1.9
Total	8,283	1,750.0	686.5

Floating Debt	Apr. 30 1975	Mar. 31 1975	Apr. 30 1974
	£m.	£m.	£m.
Ways & Means Advances—			
By Bk. of England	16.6	3.0	29.8
By Public Depts.	1,137.9	974.0	791.2
Try. Bills outst'dg	8,765.1*	7,261.6	5,226.6
Total	9,919.6	8,498.5	6,047.9

* Includes £5.8m. not brought to account within the period.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

COMPANY MEETINGS—
Bishopsgate Trust, 41, Bishopsgate, E.C., 2.45
Brent Walker, 23, Tower Place, E.C., 4
Currys, 46, Uxbridge Road, W., 12.30
Holyrood Rubber, 1, Great Tower Street, E.C., 12.30
Inter-City Investment, 100, Old Broad Street, E.C., 10.30
Simon Engineering, Stockport, 12
Morris and Blakey Wall Papers, 10, Belgrave Square, S.W., 12
Nathan (B. and I.), Abercorn Rooms, Bishopsgate, E.C., 10
Newmans Tubes, Birmingham, 12.30
New Schibalef Petroleum, 4, York Road, S.E., 12.20
North Caucasian Oil Fields, 4, York Road, S.E., 12
Southend Stadium, Southend, 11.30
Spillers, Painters' Hall, 9, Little Trinity Lane, E.C., 12
Telephone Rentals, 197, Knightsbridge, S.W., 12
Upton (E.), 175, Linthorpe Road, Middlesbrough, 7.30
Winston Estates, 10, Bolton Street, W., 12

BOARD MEETINGS—
Finals:
Associated British Foods
Blyvooruitzicht Gold Mines
Carless Capel and Leonard
Chapman (Balham)
Crosby House
Rowlinson Construction
Wace Group
Anthony Carrimore
Armitage Shanks
Bucknall Trust
M. and G. Second Dual Trust
Minster Assets
Pegler-Hattersley
Petbow Holdings
Pullman (R. and J.)
Interims:
Durban Roodepoort Deep
East Rand Prop.
Bluemel
Tobacco Secs. Trust
U.S. and General Trust

DIVIDEND & INTEREST PAYMENTS—
Bemrose 1.3534p
Clayton Dewandre 3.482p
Compagnie Financiere De Suez F.F.22.60 (1974)
Currys 3.359p
Granges Aktiebolag Free Shs. S.Kr.11
Highland Distilleries 1.4p
Laird Group 1.24p
Minet Holdings 1p
Reed Intl. 5pcPf. 1.75pc. 7pcPf. 2.45pc. Ln. Stks. 4¼ and 3¼pc (Red.)
Richardson Smith 1.1p
Stannevlands 1.1725p
Steel and Barnett 7.5 cts.
Aberdeen 13½pcBds. Red. 11/6/75 £6.9719
Agricultural Mortgage 6½pcDb. Stk. 75-77 3¼pc
Airdrie 13½pcBds. Red. 11/6/75 £6.9719
Ashford 13½pcBds. Red 11/6/75 £6.9719
Astbury and Madeley 0.569p
Barlows 6.5p
Derby 13½pcBds. Red. 11/6/75 £6.9719
Dundee Crematorium 8p
Edinburgh 13½pcBds. Red. 11/6/75 £6.9719
Empire Stores (Bradford) 1.49p
Galaha Ceylon Tea Estates 0.536p
Grimsby 13½pcBds. Red. 11/6/75 £6.9719
Hammersmith 13½pcBds. Red. 11/6/75 £6.9719
Hereford and Worcester 14¼pcBds. Red. 17/12/75 7⅛pc
Ipswich 13½pcBds. Red. 11/6/75 £6.9719
Knowsley 13½pcBds. Red. 11/6/75 £6.9719
London County 5½pc Stk. 85-87 2¾pc
Milton Keynes 13½pcBds. Red. 11/6/75 £6.9719
New Zealand 4pc Stk. 76-78 2pc
Newbury 13½pcBds. Red. 11/6/75 £6.9719
North Shropshire 13½pcBds. Red. 11/6/75 £6.9719
Norwich 13½pcBds. Red. 11/6/75 £6.9719
Sale, Tilney 2.16p
Smith St. Aubyn 2.85p
Stevenage 13½pcBds. Red. 11/6/75 £6.9719
Thurrock 13½pcBds. Red. 11/6/75 £6.9719
United Newspapers 0.761827p
Viscose Development 1.281375p. 6pcPf.

TO-MORROW

COMPANY MEETINGS—
Astbury and Madeley, Birmingham, 12
Averys, Warley, W. Midlands, 12.15
Chersonese (F.M.S.) Estates, 10, Mincing Lane, E.C., 12
Dundee Crematorium, Institute of Chartered Accountants, Moorgate Place, E.C., 12
Electrical and Industrial Securities, Brewers' Hall, Aldermanbury Square, E.C., 12
Empire Stores (Bradford), Bradford, 12
Garnar Scotblair, The Grange, Bermondsey, S.E., 2.30
Harrison (T. C.), Sheffield, 2.30
Office and Electronic Machines, Carlton Tower Hotel, S.W., 12
Root Harvesters, Peterborough, 2.15
Smith St. Aubyn, White Lion Court, E.C., 12.30
Tartan McCadl, 1, Harley Street, W., 10.30
United Newspapers, 23, Tudor Street, E.C., 12

BOARD MEETINGS—
Finals:
Alpine Soft Drinks
Atlantic Shipping

S.A. Land and Exploration
S.A. Townships Mining and Finance
Sungei Bahru Rubber Estates
Vaal Reefs
Western Deep

DIVIDEND & INTEREST PAYMENTS—
Amber 14¼pcBds. Red. 17/12/75 7⅛pc
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Entertainment Guide

OPERA & BALLET

COVENT GARDEN. 240 1911. THE ROYAL OPERA. Tonight & Thur. 7.30 Madame Butterfly. Tomor. & Fri. 7 La Forza del Destino. Wed. & Sat. 6.30 Die Frau ohne Schatten. Seats avail. exc. *tomor.*

GLYNDEBOURNE FESTIVAL OPERA. Until August 6 with the London Philharmonic Orchestra. Today, Wed. & Fri. at 5.30 The Cunning Little Vixen (Janacek). Tomorrow & Thurs. at 5.15 Yevgeny Onyegin (Tchaikovsky). Tkts. £11.90 & £10.80. Tkts. for The Vixen left unsold the previous day offered at 2 for the price of 1. Box Office: Glyndebourne, Lewes (Ringmer 812411) & Ibbs & Tillett, 124, Wigmore St. (01-935 1010.)

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SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Until June 28 NEDERLANDS DANS THEATER. Tonight 7.30: Cathedrale Engloutie. Septet Extra. Caterpillar.

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THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mat. Thurs., Sat. 3.00. "JEAN SIMMONS returns in triumph." E.N. HERMIONE GINGOLD "Fabulous woman." D. Mirror. JOSS ACKLAND "Beautiful performance." Observer. A LITTLE NIGHT MUSIC. "Music That Ravishes The Senses. A Show Kissed With Genius." Guardian.

ALBERY. 836 3878. Red. price prevs. Evenings at 8. Sats. 5 and 8.15. Opens June 16 at 7. JUDI DENCH, DANIEL MASSEY. THE GAY LORD QUEX with SIAN PHILLIPS. Directed by JOHN GIELGUD.

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REGENT. 323 2707. Evenings 8.30. Fri., Sat. 7.00 and 9.15. 10th MONTH OF SENSATIONAL STAGE SHOW OF THE '70s. *LET MY PEOPLE COME* —An ADULT MUSICAL. "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROUND HOUSE. 267 2564. Evgs. Mon.-Fri. at 8, Sat. 5 and 8.30. Mats. Wed. & Thurs. at 2.30, till July 5. Jeremy Irons, Zoe Wanamaker. THE TAMING OF THE SHREW

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SHAFTESBURY. 836 6596. Mon.-Fri. 8.0. (Mat. Friday 5.0. Reduced 75p-£1.50). Sat 5.30 and 8.30. WEST SIDE STORY. "Bursting to life with undiminished theatrical excitement." S. Tel. "A definite winner. I strongly recommend it." F.T. "Miracle." Guardian. "Brilliant." S. Tel.

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ST. MARTIN'S. 836 1443. Evenings 8.00. Mats. Tues. 2.45. Sats. 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 23rd YEAR.

STRAND. 836 2660. Evenings 8.00. Mats. Thurs 3.00. Sat. 5.30 and 8.30. DORIS HARE, LEO FRANKLYN, RICHARD CALDICOT, ANDREW SACHS. NO SEX PLEASE, WE'RE BRITISH. Directed by Allan Davis. LONDON'S LONGEST LAUGHTER HIT.

TALK OF THE TOWN. 01-734 5051. From 8.15. Dining and Dancing. At 9.30 Revue A TOUCH OF VENUS and at 11 p.m. DAILEY AND WAYNE

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... bledon Village, London S.W.19. Tel. 01-946 4727. THE REDISCOVERY OF THE POST-IMPRESSIONISTS and the SUMMER EXHIBITION. Wed., Thurs., Fri., at 10-6 p.m. Sun. 2-6 p.m.

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FT SHARE INFORMATION SERVICE

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Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
15F	15A	Savings 3pc '65-75‡‡	98[illegible]	9.1	3.03	9.42
1M	1S	Exch 6½pc 1976‡‡	98[illegible]	23.1	6.62	8.86
15F	15A	Treasury 6½pc 1976‡‡	97[illegible]	9.1	6.69	9.05
1M	1S	Victory 4pc 1976‡‡	99	23.1	4.06	—
14J	14D	Treasury 10½pc 1976‡‡	101[illegible]	8.5	10.39	9.72
10M	10S	Treasury 6¼pc 1977‡‡	94¼	3.2	6.60	9.53
15M	15S	Electric 3pc '74-77	91¼	6.2	3.27	8.08
26M	26S	Treasury 11½pc '77‡‡	102¼	17.3	11.24	10.25
15M	15N	Treasury 3pc '77‡‡	87[illegible]xd	8.4	3.45	8.83
20J	20D	Transport 4pc '72-77	88[illegible]xd	14.5	4.50	9.01
15M	15S	Treasury 9pc 1978‡‡	95[illegible]	6.2	9.52	10.55
15M	15S	Treasury 9pc '78 'A'‡‡	95[illegible]	—	9.42	10.57
14J	14J	Treasury 10½pc '78‡‡	98[illegible]	—	10.62	10.92
26M	26S	Exchequer 5pc '76-78‡‡	85[illegible]	17.2	5.82	10.10
9M	8S	Treasury 11½pc '79‡‡	101[illegible]	31.1	11.35	11.08
17M	17S	Treasury 3pc '79‡‡	78¼	10.2	3.83	9.26
26M	26S	Electric 4½pc '74-79	80	17.2	5.31	10.08
1M	1N	Treasury 10½pc '79‡‡	98[illegible]	25.3	10.65	10.89
15M	15N	Electric 3½pc '76-79	78¼	8.4	4.47	9.63
3M	3S	Treasury 9pc 1980‡‡	93¼	27.1	9.65	10.84
—	—	Treasury 9½pc '80‡‡	£95	—	10.00	10.85
		Five to Fifteen Years				
15J	15D	Treasury 3½pc '77-80	76¼	9.5	4.59	9.55
15J	15D	Funding 5¼pc '78-80‡‡	80½xd	9.5	6.52	10.33
15F	15A	Treasury 3½pc '79-81	74[illegible]	9.1	4.79	9.79
15J	15J	Do 8¾pc '80-82‡‡	90[illegible]	9.12	9.80	11.40
17M	17S	Treasury 12pc 1983‡‡	102¼	10.2	12.00	12.03
15J	15J	Funding 5½pc '82-84‡‡	74	9.12	7.66	10.56
10J	10J	Treasury 8½pc '84-86‡‡	78[illegible]xd	3.6	10.68	11.85
1M	1N	Funding 6½pc '85-87‡‡	68	25.3	9.66	11.64
26J	26J	Treasury 7¾pc '85-88‡‡	72[illegible]	20.12	11.11	12.58
1J	1J	Transport 3pc '78-88	42[illegible]xd	27.5	7.07	11.71
15A	15O	Treasury 5pc '86-89	51¼	10.3	9.90	12.50
		Over Fifteen Years				
15J	15D	Treasury 8¼pc '87-90‡‡	67[illegible]	9.5	12.26	13.35
5A	5O	Funding 5¾pc '87-91‡‡	52¼	3.3	11.25	13.16
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (MISCEL.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium [illegible] (based on $2.3260 per £)

CANADIANS

[illegible]

S.E. List Premium [illegible] (based on $2.3260 per £)

Conversion factor 0.5867 (0.5812)

††BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCE

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DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

—	Botswana RST P2	75	—	—	—	—
June Dec.	Messina R0.50	345xd	2.6	†Q50c	2.9	‡

MISCELLANEOUS

—	Burma Mines 17½p	8	19.5	m0.5	—	1.7
—	Charterhall 5p	51½	3'67	—	—	—
—	Colby Mines $1	75#	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	690	24.12	Q130c	2.2	12.1
— —	Laurasia	56½	—	—	—	—
—	NRD $1	15	—	—	—	—
July	Northgate C$1	280	30.9	Q65c	1.0	10.0
Jan. June	R.T.Z.	194	21.4	19.9	4.4	4.0
—	Sabina Inds. C$1	102	—	—	—	—
—	Stanford Mines 8	60	—	—	—	—
—	Tara Expln. $1	£11	—	—	—	—
— —	Yukon Cons. C$1	60	11'65	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- $ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £255 per annum for each security

FINANCIAL TIMES

Monday June 9 1975

£400m arms deal talks with Egypt

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A MAJOR U.K. arms deal with Egypt, involving the supply of Hawker Siddeley Hawk light combat aircraft and Westland Lynx helicopters, worth more than £400m., is expected to be one of the principal items of discussion in London this week with Mr. Ismail Fahmi, Egypt's Deputy Prime Minister and Foreign Minister.

He arrives in London on Tuesday for two days of talks with Mr. Wilson, Mr. James Callaghan, Foreign Secretary, Mr. Peter Shore, Secretary for Trade, and M. Roy Mason, Defence Minister.

Time has been set aside during Mr. Fahmi's visit for signing trade agreements. It is expected that these will include at least a provisional agreement for the arms purchases, subject to more detailed contracts later with the companies involved.

Primarily involved will be the supply of 200 Hawk aircraft, powered by Rolls-Royce Adour jet engines, and 250 Westland Lynx multi-role helicopters, powered by Rolls-Royce Gem turbine engines.

It is also understood that the Egyptians are interested in British Aircraft Corporation Swingfire anti-tank missiles, light tanks, armoured cars and personnel carriers, radar equipment and communications systems.

Discussions on the sale of Hawk and Lynx aircraft have been under way with the Egyptians for some months. The Egyptians have been acting on behalf of the new Arab Military Industrialisation Organisation, which also includes Saudi Arabia, the United Arab Emirates and Qatar.

This organisation, financed by Saudi Arabia, is intended to form an Arab industrial base capable of developing advanced industries to produce military equipment. Capital of $1,040m. has already been committed for the organisation.

Because the organisation is not yet ready to produce its own aircraft and weapons—a major infrastructure system will have to be set up, with the aid of British technical advice—the initial contracts will involve the direct sale of Hawks and Lynx aircraft to Egypt.

Direct sales

Numbers have yet to be settled, but the aim is for these direct sales to fill immediate Arab aircraft requirements while factories are built and workers trained to undertake production of the aircraft under licence from the U.K.

The direct sales will be spread so as not to disrupt the flow of Hawks to the RAF (which is buying 175 for delivery from 1976 as a basic trainer), or the flow of Lynx helicopters to the U.K. and French armed forces (which have 120 on order).

Details of the deals between the Arabs and the U.K. compaines have still to be worked *out, which is why individual* company contractors are not yet ready for signature.

Enough ground work has been done for Egypt, on behalf of the Arab countries, to initial provisional agreements, clearing the way for full-scale contract negotiations, and to start sending advisers to Egypt to prepare the factories.

The deals, while substantially benefiting BAC, Hawker, Westland and Rolls-Royce, will also bring good business to the associated electronics industry, and probably also to the U.K. civil engineering and construction industries.

The Hawk, which costs about £1m., was designed primarily for the RAF as a trainer but is also intended as a light battlefield close-support / ground-attack fighter.

The Lynx is a multi-purpose helicopter, powered by two Rolls-Royce Gem engines. It is under development by Westland Aircraft and Aérospatiale as part of the Anglo-French helicopter agreement, although Westland has design leadership. The Lynx also costs about £1m.

Since the French are involved jointly on the Lynx, and on the Adour engine for the Hawk, they will get some benefit from the Arab arms deal.

Throughout the months of negotiations with the Egyptians, the Ministry of Defence's arms sales department has been deeply involved. There have been many visits to Egypt by specialists from the U.K. aerospace industry.

Egyptian and other Arab high-*ranking officers visited the Farn*borough air show last year, and have also been to the Paris Air Show which has just ended, for further discussions.

Wilson plans new EEC impetus for July Summit

BY JOHN HUNT

PLANS TO GIVE a renewed impetus to British participation in the Common Market will be outlined in a statement to the Commons to-day by Mr. Harold Wilson, the Prime Minister, in the wake of the referendum decision to remain in the Community.

This will be followed up on June 24 by Mr. James Callaghan, the Foreign Secretary, when he meets his EEC counterparts at the Council of Foreign Ministers in Luxembourg.

The Foreign Secretary's main task at the meeting will be to agree an agenda for the EEC summit which is planned for Brussels in mid-July.

The summit will give Mr. Wilson an opportunity to discuss the post-referendum situation with the other Community premiers after the months of argument which accompanied renegotiation.

It has been customary for Mr. Peter Shore, the Trade Secretary and a leading anti-Marketeer, to attend meetings of Foreign Ministers. Despite his strong criticism of the Market during the referendum campaign he has every intention of attending the gathering if there are items on the agenda which concern his department.

With the bitter battles of recent weeks behind them the anti-Marketeers will be lying low in Parliament for the time being. But they will continue to monitor events very closely and are quite prepared to enter the arena to fight proposals with which they disagree.

Anti-Market Ministers such as Mr. Shore will no longer be able to criticise the Government's EEC policy in the Commons now that Mr. Wilson's dispensation to to the dissenters has been withdrawn.

Within the next two weeks the Parliamentary Labour Party is expected to agree to send *MPs* to the European Parliament. Labour's Parliamentary Liaison Committee will discuss the matter on Wednesday, with a view to putting it down on the agenda for a full meeting of the PLP next week.

An announcement is also expected soon from Mr. Edward Short, the Leader of the House, giving proposals for the streamlining of Commons procedure. This will contain suggestions for more effective ways of dealing with the increasing flow of EEC business.

The tone of the Government's new approach to the Market was set at the week-end by Mr. Wilson when he said that the referendum decision commits us to making a reality of the European institutions.

He welcomed the statement of the chairman of the international committee of the TUC General Council that the decision meant a closer identification of Britain's trade union movement with the European trade unions.

Mr. Wilson stressed the need for a strong Britain in the Community.

British unions in Brussels, Page 6

Scots and the referendum Page 37

THE LEX COLUMN

Ground rules for London options

An options exchange could be established in London within the next year. A feasibility study by a Stock Exchange subcommittee should be completed during the next few weeks; and although no date has been fixed for a final decision by the Council there is no doubting the enthusiasm among many London brokers for an options market on the pattern of the Chicago Board Options Exchange.

The attractions for brokers and jobbers in London are obvious, given the remarkable growth of the Chicago Board in its two years' existence. Depending on the definition used, it is now the second or third largest securities market in the U.S., and current daily volume is roughly three times the level of a year ago—affected, of course, by the Wall Street revival.

Broking profits

Moreover, the Chicago options market accounts for seven per cent. of the income of brokers on the New York Stock Exchange and over 12 per cent. of their profits. The consequent increase in interest in the market is shown by the recent sale of a seat on the Chicago Board for $60,000, up from $39,000 in February, and equivalent to nearly half the cost of a NYSE seat.

A Chicago-type of options market cannot be transplanted to London overnight: it is entirely separate from a securities exchange because trading is in a different type of commodity from a share. A fully-fledged options market is also completely distinct from the present limited options trading in London where investors can take out an option, and exercise it within the specified period if they desire, but are not able to sell the option as such.

The distinguishing feature of the Chicago system is the existence of a highly liquid secondary market in which options are quoted and traded separately from the shares. So a new exchange has to be set up, though it can, of course, be under the auspices of an existing one. In Chicago, the Options Clearing Corporation operates as the crucial intermediary to handle settlements and execute options, which permits the severing of ties between the initial writer of the option and the purchaser, thus creating the secondary market. Both parties are consequently free to undo and change their positions without affecting the option itself, which is denominated in contracts of 100 shares, and for periods of three months, with a maximum length of nine months ahead.

On the investment side, a major attraction is that the writer of an option—in practice likely to be an institution in the U.K. — can gain greater flexibility in portfolio management. Thus once an investor has achieved a specified target gain on the purchase of the underlying security, the writing and sale of an option can offer a hedge against a fall in the value of the shares — an approach at present more familiar in the U.S. than in the U.K.

The writer of the option automatically gives up a profitable opportunity if the price of the underlying security rises, though he can always cover his position, if necessary, by buying an identical contract. And there are a large number of permutations of sales and purchases of both options and underlying securities. Option writing can also be seen as a way of generating a higher return on the underlying shares since the option is sold for a premium.

Gearing

The buyer is offered the opportunity to gear up on this small premium—the classic speculative appeal, which explains why, during the last few months of rising share prices, the Chicago market has been described as the "hottest new game in town" by one critic quoted recently in the New York Times.

This inevitably raises the politically sensitive argument, of which the Stock Exchange is only too well aware, that an options market crystallises the casino aspects of a securities exchange and has absolutely nothing to do with its much trumpeted function as a primary channel of funds into industry. The counter-argument employed by supporters of an options system is that options should divert some of the speculative froth from the main securities market—and even there, speculation is a necessary oiling mechanism.

Evidence so far is inconclusive, but a study carried out by consultants to the Chicago Board suggested that in its first year of operation options trading had no appreciable impact on prices and turnover on the NYSE and that it actually reduced the volatility of the underlying shares. This cannot really be regarded as definitive since it could merely reflect broader trends affecting these security prices.

Securities

Restrictions will clearly be necessary to limit the range of options to companies where the underlying securities are widely held and actively traded. At present, the Chicago Board allows trading in the options of 58 companies—to be increased to [illegible] by the end of the year—which have to fulfill a number of conditions, including having at least 10,000 shareholders.

The formation of an options market has also been argued simply as a useful and necessary addition to the range of services offered by the Stock Exchange —especially given the possible competition from both Amsterdam and Luxembourg which are both actively considering setting up options markets. Many in London believe that any market set up here should deal in options on overseas shares, especially Continental ones.

It is not clear yet whether the dollar premium would have to be paid on options on overseas securities. The Bank of England's decision on this point and the Inland Revenue's attitude on the payment of stamp duty on options trading generally, will obviously influence the final decision. But apart from the major technical and organisational questions still to be resolved, the discussion is likely to turn on the Stock Exchange's eventual judgment of the broader political issues. At present, however, many of those involved in the options debate seem to believe the question is less a matter of if, than when and how.

OPEC discusses oil increase to counter fall in dollar

BY RICHARD JOHNS, MIDDLE EAST EDITOR

LIBREVILLE, GABON, June 8.

A DECISION on a small oil price increase to compensate for the depreciation of the dollar cannot be ruled out at the conference of the Organisation of Petroleum Exporting Countries which begins here to-morrow.

Such a move—which would probably receive the blessing of Saudi Arabia—might also be designed to impress on con*suming countries the determina*tion of the producting States following the abortive preparatory talks in Paris in April.

It is certain that member-States will discuss operating an indexation system to adjust oil prices according to world inflation rates—from September when the price "freeze" agreed late last year expires. Within OPEC, the hope has been that a formula could be evolved within the scope of a wider agreement covering other raw materials and development problems.

However, Mr. Mohammed Yeganeh the governor of Iran's Central Bank, told reporters there would be no increase before October 1, when a nine-month freeze expires, as OPEC members had committed themselves not to change prices before then, but that a rise after that was unavoidable.

As a result of world inflation, the loss of purchasing power *suffered by OPEC countries* since January 1974 was expected to reach 30 to 35 per cent. by the end of next September. "This cannot continue," Mr. Yeganeh said.

The 13 OPEC members will have to evolve a considered response to the U.S. proposals put forward last month to the OECD and International Energy Agency. In essence, these were that both energy and raw materials should be discussed, but in separate conferences.

The preparatory meeting for the dialogue in April foundered on the insistence of the oil producers and developing countries that the two subjects should be given equal precedence in one forum. As yet, only Algeria has reacted strongly—and negatively—to the new American plan.

Programming of production by members with the aim of price maintenance is also expected to be on the agenda following a period *in which, because of slack* market conditions, both Libya and Iraq have trimmed the price differentials for their Mediterranean crudes.

Saudi Arabia continues to be opposed to a formal plan, but, as Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, indicated in London last week, would probably be willing to let its own output drop still further from the present low level of 5.9m. barrels a day to as little as 3.5m. b/d to ease the problems of other producers.

General Stehlin in intensive care unit

BY GILES MERRITT

PARIS, June 8.

A FREAK traffic accident has placed General Paul Stehlin, former chief of staff of the French Air Force, in a hospital intensive care unit just at the moment that Northrop Aviation has revealed his long-time employment as a "consultant." The accident has coincided with the Mirage F-1 M-53's loss of the four-nation Nato arms deal.

On Friday it was learned that Northrop, the U.S. manufacturer, that at one stage was bidding for the $1,500m.-plus Nato contract with its Cobra YF/17 combat aircraft, had informed a Senate hearing in Washington of General Stehlin's status as a consultant. Shortly afterwards, General Stehlin was hit by a Paris bus.

It was General Stehlin who stated late last year that the Mirage was a less attractive proposition for the Nato buyers than the Northrop YF14 and General Dynamics YF-16. This statement has been highlighted by the Northrop evidence and the near-simultaneous Belgian decision to purchase the General Dynamic's YF-16 fighter.

It is unlikely that General Stehlin will be able to reply to Northrop Aviation's statement until at least the end of June, according to his doctors. He is expected to remain in the intensive care unit of the Cochin Hospita in Paris for "at least a week."

The exact details of the accident are still clouded by conflicting Press reports. The General is, on the one hand, reported as having droppde papers in the road and was then hit while retrieving them, or alternatively as having "vacillated" between the pavement and the path of an approaching No. 27 bus. In any event, the 28-year-old woman driver of the bus has been cleared by the police.

General Stehlin's wife has stated that there can have been no question of a suicide attempt.

Until September 1963, Paul Stehlin was Chief of Staff of the French Air Force. Shortly after standing down from his top-ranking position, General Stehlin, who had long been a confirmed pro-American "Atlanticist," joined Northrop as a consultant, according to documents released by the Senate Sub-Committee on Multinational Corporations. From March 1974 he received an annual salary of $5000 rising finally to $7,500, apparently advising the U.S. corporation on European aviation questions.

The Northroo evidence is included in a 500-page document released by the Senate subcommittee.

General Stehlin was responsible for leaking his own confidential letter to President Giscard D'Estaing on the relative merits of the Mirage. This letter led to his resignation as vice-president of the National Assembly and his forced retirement to the reserves.

But the revelation last November that a top French air force general considered the Mirage F1 technically inferior is seen here as having done incalculable harm to its chances of winning the contract for what may be as many as 1,000 aircraft.

France has never conceded the *superiority of either U.S. com*petitors. French specialists point out that although the YF16 — which pushed the Northrop YF17 out of the Nato race when it was adopted by the U.S. army early this year — is more manoeuvrable than the Mirage it is also still very much at the prototype stage.

A senior Dassault executive yesterday attributed the clinching Belgian decision to the fact that France is not a Nato partner. At yesterday's closing day of the Le Bourget Air Show M. Chirac described the choice as a blow to European aviation.

Northrop "hired Dutch link-man" Page 4

Rail peace bid likely this week

BY JOHN WYLES, LABOUR REPORTER

PEACE TALKS are expected this week to stave off the national rail strike planned for June 23 which railwaymens' leaders aim to make the most disruptive in the history of the industry.

Over the past few days Mr. Sidney Weighell, the National Union of Railwaymens' general secretary, has sought pledges of support from other unions which, if honoured, would prevent special transport arrangements for a wide range of goods normally carried by rail.

His efforts amount to the most serious attempt to make a strike bite into a wide range of activities since the miners netted strings of promises from other unions for their national stoppages in 1972 and 1974.

The National Union of Mineworkers has already given its undertakings to the NUR while the Union of Post Office Workers has promised action which could limit the letters and parcel service to a purely local delivery.

Now Mr. Weighell has asked the printing union, the Society of Graphical and Allied Trades, to prevent any special distribution of newspapers. If this is agreed, newspapers' circulation would be confined to the areas in which they are printed.

Despite these activities the NUR claims that it is determined to try to find a peaceful solution to its pay dispute in talks with the British Railways Board which are expected this week. Arguing that the Government should not try to prevent BR from improving on the 27.5 per cent. arbitration award rejected by the NUR, Mr. Weighell said on BBC radio yesterday it would be "absolutely unfair" if the railwaymen were treated differently from other workers just because they are at the end of the wages queue.

But a warning that regardless of any settlement of the NUR's claim for rises of up to 35 per cent. there would have to be a continuing search for economies on the railways was given on Saturday by Mr. Neil Carmichael, Parliamentary Under-Secretary at the Department of the Environment. He said that BR's projected £340m. deficit on passenger transport was "rising uncontrolled" and called for "a proper social return on the subsidies we pay."

British paper industry hopeful

THE British paper and board industry is confident that continued Common Market membership will offer increasing opportunities for sales.

Mr. T. S. Corrigan, president of the British Paper and Board Industry Federation, said: "I am very pleased at the convincing majority vote in favour of Britain remaining in the Common Market. The council of the federation has consistently maintained that membership of the EEC was very much in the interest of the British paper industry."

Weather

U.K. TO-DAY

DRY and sunny.

London, E., W. Midlands, N., S. Wales, N.W. England, Lakes
Dry, sunny, wind E., light. Max. 24C (76F).

S.E., S.W. England, E. Anglia, Cent., S.E. England, Channel Is.
Dry, sunny, wind E., light. Max. 23C (74F).

E., N.E. England, Borders
Dry, sunny. Early cloud near coasts. Wind E. Max. 23C (73F).

Lakes, I. of Man, S.W. Scotland, Glasgow, Cent. Highlands, N. Ireland
Dry, sunny, wind E., light. Max. 24C (75F).

Edinburgh, E. Scotland, Aberdeen, Moray Firth, Caithness
Dry, sunny. Coastal fog. Wind E., light. Max. 19C (66F).

Argyll, N.W. Scotland
Dry, sunny. Coastal fog. Wind S., light. Max 22C (72F).

Orkney, Shetland
Dry, sunny. Wind S.E., light. Max. 16C (61F).

Outlook: No change.

Lighting-up: London 21.44, Manchester 22.05, Glasgow 22.28, Belfast 22.27.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Alexandria	S	25	77	Luxembg.	S	22	72
Amsterdm.	S	21	70	Madrid	S	26	79
Athens	F	22	72	Manchestr.	S	25	77
Bahrain	S	34	93	Melbourne	F	14	57
Barcelona	F	19	66	Milan	S	24	75
Beirut	S	26	79	Montreal	S	13	55
Belfast	S	23	73	Moscow	S	20	68
Belgrade	C	12	54	Munich	S	17	63
Berlin	S	23	73	Newcastle	S	21	70
Birmgham.	S	23	73	New York	C	15	59
Bristol	S	24	75	Oslo	S	16	61
Brussels	S	23	73	Paris	S	24	75
Budapest	S	23	73	Perth	S	20	68
B. Aires	S	15	59	Prague	C	18	64
Cairo	S	35	95	Reykjavik	C	10	50
Cardiff	S	24	75	Rio de J'o	C	23	73
Cologne	F	23	73	Rome	S	20	68
Copnhagn.	S	19	66	Singapore	S	30	86
Dublin	S	20	68	Stockholm	S	22	72
Edinb'gh	S	23	73	Strasb'rg	S	23	73
Frankfurt	S	22	72	Sydney	F	17	63
Geneva	S	19	66	Tel Aviv	S	25	77
Glasgow	S	24	75	Tokyo	C	24	75
Helsinki	S	22	72	Toronto	S	17	63
H. Kong	S	30	86	Vienna	C	12	54
Jo'burg	R	16	59	Warsaw	C	15	54
Lisbon	F	20	68	Zurich	S	19	66
London	S	24	75				

HOLIDAY RESORTS

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Ajaccio	S	21	70	Jersey	F	23	73
Algiers	S	23	73	Las Plms.	S	23	73
Biarritz	C	18	64	Locarno	S	23	73
Blackpool	S	25	77	Luxor	S	38	100
Bordeaux	S	20	68	Majorca	S	23	73
Boulogne	S	23	73	Malaga	S	22	72
Casablnca.	C	21	70	Malta	S	21	70
Cape Town	S	17	63	Nairobi	C	21	70
Corfu	S	21	70	Naples	F	19	66
Dubrovnik	C	18	64	Nice	S	20	68
Faro	S	18	64	Oporto	D	16	61
Florence	F	23	73	Rhodes	C	19	66
Funchal	S	22	72	Salzburg	C	17	63
Gibraltar	S	21	70	Tangier	S	24	75
Guernsey	S	23	73	Tenerife	F	19	66
Innsbruck	C	17	63	Tunis	S	22	72
Inverness	F	18	64	Valencia	S	24	75
Istanbul	F	21	70	Venice	S	23	73

S—Sunny. F—Fair. C—Cloudy. R—Rain. D—Drizzle.

Continued from Page 1

Crosland

suspicions between different groups of workers.

Opinion polls consistently showed large majorities in favour of tighter pay restraints, said Mr. Crosland—a reference to the ORC poll for Independent Television News at the week-end which showed that 70 per cent. of all adults and 63 per cent. of trade unionists supported legal controls over wage increases.

Yet, in spite of this, workers were fearful of showing restraint themselves lest other groups should steal a march on them, he said.

"Principles of social justice should determine the distribution of our national wealth; but all the Government's efforts to increase social justice are lost in the crazy, haphazard lurches which characterise pay settlements under conditions of such rapid inflation."

Wedgwood shows interest in Spode's future

BY MARGARET REID

WEDGWOOD, the largest pottery and china group, is showing a close interest in plans by Carborundum, the U.S. concern, for the possible sale of its tableware business, including the 200-year-old British china company, Spode.

Disposal of its china interests, including two other Stoke-on-Trent factories, is being considered by Carborundum, the president, Mr. William H. Wendel, has said.

Carborundum, which acquired Spode, a manufacturer of fine china, nine years ago, is "carefully examining" many inquiries from prospective buyers for its tableware business, according to Mr. Wendel.

Yesterday, Mr. Arthur Bryan, chairman of Wedgwood, which makes Coalport and Crown Staffordshire bone china and a range fo other products, said: "With an offer for sale of a medium manufacturer of this name one would have to think very carefuly about the matter, and I will."

Carboroundum, which has a major abrasives business, expanded into pottery in the early 1960s as a diversification. Its tableware group, which employs about 1,200 people, including 850 in the Potteries, also includes the Hammersley and Royal Windsor china factories, two crystal glass-works in Germany, and two overseas distribution companies in the U.S. and Canada.

Spode's profitability has varied considerably in the past, and Carborundum does not disclose its tableware business's results.

Mr. Paul Thompson, group product director for Carborundum Tableware and chairman of Spode, says: "The group is in a sound position, with Spode performing particularly well."

It was confirmed yesterday that Doulton, in the S. Pearson and Son Group, is unlikely to bid for Spode. It already has a comprehensive range of tableware companies, with Royal Doulton, Minton and other products.

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